

Fordham Intellectual Property, Media and Entertainment Law Journal

Volume 22 *Volume XXII*
Number 3 *Volume XXII Book 3*

Article 1

2012

State Sovereign Immunity and Intellectual Property Revisited

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Michael Landau, *State Sovereign Immunity and Intellectual Property Revisited*, 22 Fordham Intell. Prop. Media & Ent. L.J. 513 (2012).

Available at: <https://ir.lawnet.fordham.edu/iplj/vol22/iss3/1>

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Cover Page Footnote

Professor of Law, Georgia State University, Atlanta, GA; J.D. University of Pennsylvania; Fulbright Scholar, IPR Center, University of Helsinki 2005–2006. The author would like to thank Kim Dammers, Dimitri Epstein and Jared Bruff for their work as Graduate Research Assistants at GSU. Special gratitude goes to Peter Yu, John Cross, and Lars Smith for their insightful comments and thoughts in Louisville. Lastly, the author gives a big —thank you|| to Brenda and to Jack who constantly fill him with smiles.

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Michael Landau*

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INTRODUCTION

Imagine a large state university. The state is facing a budget crisis and is looking for ways to save money. Instead of taking a site license from Microsoft to use Microsoft Office, an Information Technology staff member purchases one copy from the bookstore. The staff member is very technically savvy and breaks the copy-code. She then runs off 30,000 copies and gives one copy to each student. Each copy has the Microsoft trademarks on it. Further, most of the university faculty, faced with numerous protests by the students over rising tuition costs and compounded by the economic slowdown, create digital files of the assigned readings for each of the students, and either hand them out or puts them on e-reserve. The professors do not assign, nor do their students purchase for that matter, any books. Everything is done electronically. Maybe the university's radio station cancels its ASCAP, BMI, and SESAC music licenses but continues broadcasting, nonetheless. Or perhaps the university's accounting office is using a patented "business method" without paying royalties. Obviously, the software company, the print publishers, various music publishers, the patent owners, and the trademark owners would want to sue the university to recover revenue lost from the infringement—a lot of revenue.

Section 501 of Title 17 of the United States Code addresses copyright infringement and defines an "infringer" as "anyone," including a state, "who violates any of the exclusive rights of the

copyright owner.”¹ A similar provision in § 271 of Title 35 expressly provides that a state shall be liable for patent infringement.² Moreover, owing to the fact that state law is preempted both by patent and copyright law, state law claims having the same elements as infringement—such as misappropriation and unjust enrichment—are foreclosed, forcing recovery only through a federal patent or copyright infringement claim in the federal courts.³

It seems as though the State is in trouble. Any doubt regarding the general language in § 501 of the Copyright Act and § 271 of the Patent Act has been removed by the unequivocal language that was added in 1990 and 1992 respectively.⁴ The statutes say that States are included in the class of potential defendants and are expressly not immune from liability under the sovereign immunity doctrine, so what is a State to do to avoid having to pay major damages? Nothing, that’s what! In 1996, the landscape for claims against States was completely changed by the case of *Seminole*

¹ 17 U.S.C. § 501(a) (2006) (defining infringer as “any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity” and providing for no limitation on liability for such an entity); *see also id.* § 511(a) (stating explicitly that a government entity or actor “shall not be immune, under the Eleventh Amendment of the Constitution of the United States or under any other doctrine of sovereign immunity” for a suit brought in Federal Court for a violation under Title 17).

² *See* 35 U.S.C. §§ 271(a) & (h) (2011) (providing full liability for any State actor or entity which infringes a patent even acting in an official capacity); *see also id.* § 296(a) (stating explicitly that a State actor or entity “shall not be immune, under the Eleventh Amendment of the Constitution of the United States or under any other doctrine of sovereign immunity” for a suit brought in Federal Court for a violation under Title 35).

³ *See* 17 U.S.C. § 301 (preempting state law for copyright claims); *see also* *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 168 (1989) (holding that the Supremacy Clause preempted a Florida statute dealing with intellectual property rights for boat hulls). Further, in *Bonito*, the Court held that “States may not offer patent-like protection to intellectual creations which would otherwise remain unprotected as a matter of federal law.” *Bonito Boats*, 489 U.S. at 156; *see also* Michael B. Landau, *Problems Arising Out of the Use of “www.trademark.com”*: *The Application of Principles of Trademark Law to Internet Domain Name Disputes*, 13 GA. ST. U. L. REV. 455, 463 n.29 (1997) (noting that federal patent law preempts state claims even though there is no express provision in the Patent Act).

⁴ *See* discussion *infra* Section VIII.A.

Tribe of Florida v. Florida.⁵ By rejecting Congress' heretofore assumed Article I power to abrogate state sovereign immunity with clear and unequivocal language, *Seminole* dramatically changed the balance of power between the States and copyright and patent holders.

Seminole was followed by *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank (Florida Prepaid I)*,⁶ which reinforced the notion that Article I abrogation was unconstitutional. But *Florida Prepaid I* went further. Despite noting that patents are "property," the Court held that Congress failed to show that patent infringement by the State constituted a widespread pattern in need of remediation and so could not abrogate sovereign immunity under its section 5 power of the Fourteenth Amendment.⁷ Cases that have followed over the years have almost all held that a State is immune from liability under sovereign immunity, or that the unauthorized use is not a "taking." Courts have done this by merely citing either *Seminole* or the *Florida Prepaid* cases instead of looking to the dangerous growing trend of copyright and patent infringement by the States.⁸ By 2012, there is a constant and widespread pattern of infringement—not merely a handful of cases—that requires remediation. Also, notably the composition of the Supreme Court has changed since it decided *Seminole* and the *Florida Prepaid* cases.

No State should be immune from infringement. Immunity puts States in an advantageous situation vis-à-vis the federal government—which can be sued for monetary damages for

⁵ 517 U.S. 44 (1996).

⁶ 527 U.S. 627 (1999). The Court, on the same day, also decided a companion false advertising case to *Florida Prepaid I*, in which the Court held that there was no property interest in preventing someone from making false statements about his products. *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Expense Bd. (Florida Prepaid II)*, 527 U.S. 666 (1999). This article will deal primarily with copyright and patent, and will just touch slightly on trademarks.

⁷ *Florida Prepaid I*, 527 U.S. at 636–40 (1999). See discussion *infra* Section VIII.B.

⁸ Courts have dismissed copyright cases by citing *Seminole* and *Chavez v. Arte Publico Press*, 204 F.3d 601 (5th Cir. 2000). See, e.g., *Mktg. Info. Masters, Inc. v. Bd. of Trs. of the Cal. State Univ. Sys.*, 552 F. Supp. 2d 1088, 1093–96 (S.D. Cal. 2008). *Chavez*, it should be noted, is a Fifth Circuit case, not a Supreme Court case.

copyright and patent infringement, but not enjoined from continuing to infringe the intellectual property. While the public interest might be served by allowing a State to use copyrighted material or a new technological development without being enjoined,⁹ on the other hand, it is disserved by the courts allowing that State to not pay for its unauthorized use. It is time to rethink state sovereign immunity with regard to intellectual property.

This paper will look at the sovereign immunity and intellectual property dilemma. Part I presents the twisted history of the Eleventh Amendment, and Part II examines competing theories of Eleventh Amendment jurisprudence. Part III investigates the *Seminole* case. Part IV addresses the *Ex parte Young* exception. Part V lays out intellectual property cases both before and after *Seminole*. Part VI looks at the analogous area of bankruptcy and how the courts suddenly allowed waiver in that area. Finally, part VII discusses legislative action to get around sovereign immunity.

I. THE ELEVENTH AMENDMENT: HISTORY AND BACKGROUND

Short and seemingly clear, the Eleventh Amendment of the United States Constitution has nonetheless been the subject of some of the Supreme Court's most convoluted and unprincipled constitutional interpretation. The Eleventh Amendment provides that "[t]he Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another

⁹ Under 28 U.S.C. § 1498, in order to sue the government for patent or copyright infringement, a patentee or copyright holder must bring an action for compensation in the Court of Federal Claims, not in the local district court. The patentee may not enjoin the federal government from using the patent. Section 1498(a) provides, in relevant part:

Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or the lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the United States Court of Federal Claims for the recovery of his reasonable and entire compensation for such use and manufacture.

Id. Section 1498(b) applies to copyright infringement.

State, or by Citizens or Subjects of any Foreign State.”¹⁰ Over the years, the Supreme Court—often as a function of its composition—has varied in its answers to the questions of what the language means, which suits are barred, and what relation the amendment has to other legislation.

A. *Ratification of the Amendment: A Reaction to Chisholm v. Georgia*

The introduction and subsequent ratification of the Eleventh Amendment was a swift and direct response to the 1793 Supreme Court decision of *Chisholm v. Georgia*.¹¹ In *Chisholm*, the executor of a decedent out-of-state merchant brought suit in federal court against the state of Georgia for a contract debt incurred when the merchant supplied Revolutionary War materials to Georgia.¹² The Supreme Court held by a four to one majority—in a *seriatim* decision, as was customary for the time—that Georgia was amenable to suit.¹³ The majority’s reasoning was grounded in the plain meaning of the diversity clauses of Article III.¹⁴ There is, however, still debate about which aspect of the clauses the decision rested.

Justice Stevens argued in the dissent in *Seminole Tribe of Florida v. Florida*,¹⁵ that the *Chisholm* decision was a “not

¹⁰ U.S. CONST. amend. XI.

¹¹ 2 U.S. (2 Dall.) 419 (1793).

¹² See CLYDE E. JACOBS, *THE ELEVENTH AMENDMENT AND SOVEREIGN IMMUNITY* 47–48 (1972) (relating the facts which lead to *Chisholm*’s suit against Georgia).

¹³ *Id.* at 452 (opinion of Blair, J.), 465–66 (opinion of Wilson, J.), 469 (opinion of Cushing, J.), 479 (opinion of Jay, C.J.).

¹⁴ *Id.* at 451–52 (opinion of Blair, J.), 465–66 (opinion of Wilson, J.), 467–68 (opinion of Cushing, J.), 474–76 (opinion of Jay, C.J.). The first diversity clause provides in relevant part:

The judicial Power shall extend . . . to Controversies between two or more States;--between a State and Citizens of another State;--between Citizens of different States;--between Citizens of the same State claiming Lands under Grants of different States, and between a State, or the Citizens thereof, and foreign States, Citizens or Subjects.

U.S. CONST. art. III, § 2, cl. 1. The second diversity clause provides in relevant part: “In all Cases . . . in which a State shall be a Party, the Supreme Court shall have original Jurisdiction.” U.S. CONST. art. III, § 2, cl. 2.

¹⁵ 517 U.S. 44 (1996).

implausible,” but nonetheless incorrect, interpretation of the second diversity clause,¹⁶ which vests original jurisdiction in the Supreme Court for suits “in which a State shall be a Party.”¹⁷ According to Justice Stevens, the *Chisholm* majority was wrong because it incorrectly construed the grant of original jurisdiction as a binding obligation on the Court, without Congress having authority to impart to a state a sovereign immunity defense.¹⁸

On the other hand, in his dissent in *Seminole*, Justice Souter found *Chisholm* to be a “reasonable” interpretation of the first diversity clause, in which the plain meaning of the text clearly authorizes suits against a state by an out-of-state citizen.¹⁹ The rationale behind the *Chisholm* Court’s interpretation of Article III’s plain meaning, according to Justice Souter, rests on a *quid pro quo* principle—abrogation of state sovereign immunity in a federal forum in exchange for membership in the Union.²⁰

Going back to *Chisholm* itself, it must be noted that whatever the rationale behind the decision, the four majority Justices had exceptional knowledge in debating and deliberating the intent of the Constitution’s framers. Chief Justice John Jay was an author of the *Federalist Papers* and a delegate to New York’s ratification convention.²¹ Justices John Blair and James Wilson attended the Constitutional Convention as delegates, and Justice William Cushing chaired the Massachusetts state ratification convention.²²

Justice Iredell’s lone dissent in *Chisholm* is almost as non-revealing of its logical foundations as is the majority’s opinion. Justice Iredell’s finding that the out-of-state citizen suit against Georgia was impermissible seems chiefly based not on Article III, but rather on statutory interpretation of the Judiciary Act of 1789.²³

¹⁶ *Id.* at 81 & n.6 (Stevens, J., dissenting).

¹⁷ U.S. CONST. art. III, § 2, cl. 2.

¹⁸ *Seminole*, 517 U.S. at 81 (Stevens, J. dissenting).

¹⁹ *See id.* at 109–16 (Souter, J., dissenting).

²⁰ *See id.* at 104–06 (Souter, J., dissenting).

²¹ JOHN V. ORTH, *THE JUDICIAL POWER OF THE UNITED STATES: THE ELEVENTH AMENDMENT IN AMERICAN HISTORY* 22–23 (1987) [hereinafter ORTH, *JUDICIAL POWER*].

²² *Id.*

²³ *See Chisholm v. Georgia*, 2 U.S. (2 Dall.) 419, 436–37 (1793) (“[L]ooking at [the Judiciary Act of 1789], which I consider is on this occasion the limit of our authority

Because the Judiciary Act did not expressly confer the ability to sue a state in *assumpsit*, Justice Iredell reasoned that general “principles and usages of law” must determine whether such a suit was permissible.²⁴ Concluding that at the time of the *Chisholm* decision no state legislatively consented to be a defendant in suits for money damages, Justice Iredell next examined English common law and determined that *assumpsit* suits were also never permitted.²⁵ Whether his dissent went further and concluded that Article III barred Congress from specifically allowing such suits is a matter of some debate.²⁶

(whatever further might be constitutionally [sic], enacted) we can exercise no authority in the present instance consistently with the clear intention of the act.” (emphasis added)). Justice Iredell further stated that “as the [Judiciary Act] stands at present, [the suit] is not maintainable; whatever opinion may be entertained; upon the construction of the Constitution, as to the power of Congress to authorize such a one.” *Id.* at 437.

²⁴ *Id.* at 433–36.

²⁵ *Id.* at 430, 435.

The only principles of law, then, that can be regarded, are those common to all the States. I know of none such, which can affect this case, but those that are derived from what is properly termed “the common law,” a law which I presume is the ground-work of the laws in every State in the Union, and which I consider, so far as it is applicable to the Peculiar circumstances of the country, and where no special act of Legislation controls it, to be in force in each State, as it existed in England, (unaltered by statute) at the time of the first settlement of the country.

Id. at 435.

²⁶ As Justice Iredell repeated throughout his dissent, the focus of his reasoning was the statutory construction of the Judiciary Act. He did, however, note—in what he conceded to be in some measure extra-judicial—that “it may not be improper to intimate that my present opinion is strongly against any construction of [the Constitution], which will admit, under any circumstances, a compulsive suit against a State for the recovery of money.” *Id.* at 449–50. Professor Chemerinsky notes in his treatise that Justice Iredell “concluded that the general language of Article III was insufficient to authorize such a suit against the state of Georgia without its consent.” ERWIN CHERMERINSKY, FEDERAL JURISDICTION § 7.2 (5th ed. 2007). On the other hand, Justice Stevens’ dissent in *Seminole* flatly rejected any suggestion that Justice Iredell contemplated the constitutional question of sovereign immunity, finding instead that “he did not proceed to resolve the further question whether the Constitution went so far as to prevent Congress from withdrawing a State’s immunity.” *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 80 (1996). This comports with Professor Orth’s view that Justice Iredell understood the Constitution to authorize state-defendant suits and so “rested his dissent on the Judiciary Act instead.” ORTH, JUDICIAL POWER, *supra* note 21, at 22. Although Justice Souter acknowledged Justice Iredell’s statement confessing a strong opinion that the

Within weeks of the Court's final judgment in *Chisholm*, both houses of Congress had approved the proposed Eleventh Amendment and sent it to the states for ratification.²⁷ The impetus for congressional action lay not merely in a principled response to the Court's affront to state sovereign immunity. There was widespread practical concern that successful suits against a state for money damages would prove financially ruinous for state defendants.²⁸ While preservation of state coffers may have been an incentive for ratifying the Eleventh Amendment, for almost a century the amendment had little effect as a bar to suit,²⁹ primarily due to *Osborn v. Bank of the United States*,³⁰ which held that the Eleventh Amendment applied only when the state was the party of record.³¹ Avoiding the bar was simply a matter of naming a state official as the party to the suit in place of the State itself.

Constitution barred suit against a state, he thought Justice Iredell's concern on statutory construction "an odd focus, had he believed that Congress lacked the constitutional authority to impose liability." *Seminole*, 517 U.S. at 108 (Souter, J., dissenting).

²⁷ See John V. Orth, *The Interpretation of the Eleventh Amendment, 1798-1908: A Case Study of Judicial Power*, 1983 U. ILL. L. REV. 423, 428 n.41 (1983) [hereinafter Orth, *Interpretation of the Eleventh Amendment*].

²⁸ See 1 CHARLES WARREN, *THE SUPREME COURT IN UNITED STATES HISTORY* 99 (1922). *But see* JACOBS, *supra* note 12, at 69-71 (maintaining that preservation of state coffers was not a significant factor in Eleventh Amendment ratification).

²⁹ See Orth, *Interpretation of the Eleventh Amendment*, *supra* note 27, at 428-31.

³⁰ 22 U.S. (9 Wheat.) 738 (1824).

³¹ *Id.* at 857. A more complex rationale for *Osborn*'s result is that given that a state cannot authorize an unconstitutional act, the act must be the result of an individual's action, and it is that individual who is to be held accountable. See Orth, *Interpretation of the Eleventh Amendment*, *supra* note 27, at 429; see generally *Ex parte Young*, 209 U.S. 123 (1908). In the *Ex parte Young* action against Georgia State University, the Northern District of Georgia held that "Georgia State as an entity is not capable of copying or reproducing copyrighted materials or making the individual fair use determinations." *Cambridge Univ. Press v. Becker*, No. 1:08-CV-1425-ODE, slip op. at 19 (N.D. Ga. Sept. 30, 2010).

B. The Eleventh Amendment Re-emerges: Post Reconstruction and Hans v. Louisiana

During Reconstruction, the sale of state bonds was the only viable means Southern states had to raise much needed cash.³² In the face of insurmountable debt, all Southern states defaulted or repudiated at least part of their obligations.³³ Perhaps in recognition of imminent state bankruptcy should suits for Reconstruction debt be permitted against a state,³⁴ or perhaps because of concern that the federal government lacked the willpower to enforce a Supreme Court ruling requiring payment of incurred debt,³⁵ the Court suddenly disavowed *Osborn* and broadened the applicability of the Eleventh Amendment.³⁶

Although it was decided in 1890, almost one hundred years after the passage of the Eleventh Amendment, *Hans v. Louisiana*³⁷ is a watershed case. *Hans* expanded the Eleventh Amendment beyond its literal scope by extending protection to states sued by in-state citizens, something which the wording of the amendment plainly does not bar. In *Hans*, a Louisianan bondholder brought suit against the state of Louisiana to compel the interest payment on his bond.³⁸ The State argued that the Eleventh Amendment barred the suit, and the Court agreed.³⁹ Recognizing that nothing in the Eleventh Amendment's language proscribed suits by in-state

³² See Orth, *Interpretation of the Eleventh Amendment*, *supra* note 27, at 433 & n.74. Southern states incurred additional debt during Reconstruction of more than one hundred million dollars. *Id.* (listing various scholars' estimates of incurred indebtedness).

³³ *Id.* at 435; see also B. U. RATCHFORD, AMERICAN STATE DEBTS 162–64 (1941) (listing amounts of state repudiated debt).

³⁴ See ORTH, JUDICIAL POWER, *supra* note 21, at 73.

³⁵ Orth, *Interpretation of the Eleventh Amendment*, *supra* note 27, at 449 (noting that a ruling against the state would have required tax collecting and disbursement by the very state officials elected to prevent debt servicing; in the face of such opposition “[o]nly overwhelming force could have availed, and the national will to coerce the South was lacking”).

³⁶ See, e.g., *Hans v. Louisiana*, 134 U.S. 1 (1890) (preventing suit against state by in-state citizen); *North Carolina v. Temple*, 134 U.S. 22 (1890) (reaching the same conclusion as *Hans* and decided the same day).

³⁷ 134 U.S. 1 (1890).

³⁸ *Id.* at 1.

³⁹ *Id.* at 20–21.

citizens, the Court nonetheless feared that confining its decision to the literal interpretation of the Amendment, thereby allowing the suit, would produce a “result [that] is no less startling and unexpected than was the original decision of this court . . . in the case of *Chisholm v. Georgia*.”⁴⁰ Without any historical evidence regarding the amendment’s intended scope, the Court disregarded the plain meaning of the provision, reasoning instead that those who adopted the amendment must have believed that it would serve to bar all suits against a state absent the state’s consent:

Can we suppose that, when the eleventh amendment was adopted, it was understood to be left open for citizens of a state to sue their own state in the federal courts, while the idea of suits by citizens of other states, or of foreign states, was indignantly repelled? Suppose that congress, when proposing the eleventh amendment, had appended to it a proviso that nothing therein contained should prevent a state from being sued by its own citizens in cases arising under the constitution or laws of the United States, can we imagine that it would have been adopted by the states? The supposition that it would is almost an absurdity on its face.⁴¹

Finding that a suit by an in-state citizen was barred—despite the amendment’s silence on the issue—the Court was firmly planted on the path to wide-ranging judicial interpretation of the Eleventh Amendment.

⁴⁰ *Id.* at 10–11.

⁴¹ *Id.* at 15. In this paragraph, we have chosen to ignore the lack of capitalization of the Eleventh Amendment and Congress. There is debate on how the original intent of the framers regarding capitalization should be maintained. For example, in the Constitution itself, nouns were capitalized, much as they are in modern German. “To promote the Progress of Science and the useful Arts” When the operative language from the clause is repeated without capitals, “(sic)” is not included to indicate that the current author strayed from the original language.

II. COMPETING THEORIES OF ELEVENTH AMENDMENT JURISPRUDENCE

The *Hans* Court's interpretation of the Eleventh Amendment, stretching the amendment beyond its literal grasp, remains—depending on one's view of Eleventh Amendment—either a perplexing decision that must be begrudgingly reconciled or overruled entirely, or an underpinning of modern Eleventh Amendment construction and jurisprudence, varying with the times.

A. *The Eleventh Amendment Broadly Restricts Article III Jurisdiction*

Of the possible theories, the constitutional immunity interpretation of the Eleventh Amendment sweeps the broadest, constitutionally barring suit against a state brought by any citizen—whether in-state or out-of-state, or whether subject matter jurisdiction is based on diversity or a federal question. Those who advocate this theory point to the fact that overruling *Chisholm* required a constitutional amendment and not simply congressional statutory adoption.⁴² According to the argument, at the time of the *Chisholm* decision everyone but the Court seemed to understand that sovereign immunity was a concept of constitutional proportion.⁴³

The outcome in *Hans* more easily supports the constitutional immunity theory of the Eleventh Amendment than any other theory. This theory proposes that, although *Hans* recognized that the words of the Eleventh Amendment may strictly apply only to out-of-state citizen suits, in reality sovereign immunity is greater than the Eleventh Amendment alone. Sovereign immunity, antecedent to the Constitution, is the foundation on which the Constitution stands, and all immunity not expressly removed by the Constitution remains.

⁴² Cf. *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 79–81 (1996) (Stevens, J., dissenting) (noting the alternate theory as to why a constitutional amendment was required to overrule *Chisholm*).

⁴³ *Id.* at 81.

Manifestly, we cannot rest with a mere literal application of the words of § 2 of Article III, or assume that the letter of the Eleventh Amendment exhausts the restrictions upon suits against non-consenting States. Behind the words of the constitutional provisions are postulates which limit and control. There is the essential postulate that the controversies, as contemplated, shall be found to be of a justiciable character. There is also the postulate that States of the Union, still possessing attributes of sovereignty, shall be immune from suits, without their consent, save where there has been a “surrender of this immunity in the plan of the convention.”⁴⁴

Logically, there are at least two difficulties with finding an antecedent but still viable immunity. First, stating that sovereign immunity exists absent surrendering it creates a tautology similar to that of the Tenth Amendment, which reserves for the states all powers not expressly granted to the federal government.⁴⁵ The Tenth Amendment tautology however is self-contained within the corners of the Constitution, in fact it is wholly contained within the amendment itself,⁴⁶ while the Eleventh Amendment tautology relies for its completion on an extra-constitutional concept that is antecedent to the Constitution. Second, and more troubling, a limiting doctrine of immunity that is not found in the Constitution

⁴⁴ *Seminole*, 517 U.S. at 68 (quoting *Monaco v. Mississippi*, 292 U.S. 313, 322–23 (1934) (citations and footnotes omitted)); *see also* *Pennsylvania v. Union Gas Co.*, 491 U.S. 1, 32–33 (1989). Justice Scalia noted,

What we said in *Hans* was, essentially, that the Eleventh Amendment was important not merely for what it said but for what it reflected: a consensus that the doctrine of sovereign immunity, for States as well as for the Federal Government, was part of the understood background against which the Constitution was adopted, and which its jurisdictional provisions did not mean to sweep away.

Union Gas, 491 U.S. at 31–32 (Scalia, J., dissenting).

⁴⁵ U.S. CONST. amend. X.

⁴⁶ The Tenth Amendment states: “The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.”

itself—but is instead derived from some antecedent source—smacks of natural law and seems at direct odds with the Supremacy Clause.⁴⁷

Regardless, the Supreme Court has *at times* held that sovereign immunity is a constitutional bar to suits against a state, and that *Hans* correctly recognized the constitutionality of the prohibition. In *Pennhurst State School & Hospital v. Halderman*,⁴⁸ the Court “affirm[ed] that the fundamental principle of sovereign immunity limits the grant of judicial authority in Art[icle] III.”⁴⁹ Recently, in *Seminole*, the Court embraced the broadest constitutional theory of the Eleventh Amendment thus far, holding that the amendment extends beyond its words and prevents congressional expansion of Article III powers through the exercise of its Article I authority.⁵⁰

The constitutional immunity theory effectively equates the concept of sovereign immunity to subject matter jurisdiction, which bars any suit outside those expressed in the second section of Article III, and prohibits congressional expansion of its scope.⁵¹ Because the Eleventh Amendment implicitly bars *all* suits against a state, this theory maintains that Congress absolutely lacks, absent an additional constitutional amendment, the power to change the scope of suits permissible in federal court. But the Eleventh Amendment does not fit entirely nicely within the contours of subject matter jurisdiction, for it is—and yet is not—like subject matter jurisdiction. Similarly, an Eleventh Amendment concern can be first raised on appeal, even though it has not been argued or objected to in the trial court.⁵² However, sovereign immunity may be waived; unlike subject matter jurisdiction, which cannot be consented to even if both parties so desire.⁵³ Nor does the Eleventh Amendment impose a duty in jurisdiction *sua sponte*—

⁴⁷ See CHEMERINSKY, *supra* note 26, at § 7.3.

⁴⁸ 465 U.S. 89 (1984).

⁴⁹ *Id.* at 98.

⁵⁰ *See id.* at 64–65.

⁵¹ JACK H. FRIEDENTHAL ET AL., CIVIL PROCEDURE § 2.2 (2d ed. 1993).

⁵² *Edelman v. Jordan*, 415 U.S. 651, 677–78 (1974).

⁵³ *E.g.*, *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 65 (1996) (noting that “States may waive their sovereign immunity”); *Monaco v. Mississippi*, 292 U.S. 313, 322 (1934) (holding that states “shall be immune from suits, without their consent”).

analogous to a court's duty to raise defects in subject matter jurisdiction.⁵⁴ These differences are more than simple academic curiosities; they are supporting reasons for rejecting a theory of the Eleventh Amendment that views the amendment as an utter bar to congressional abrogation of sovereign immunity.⁵⁵

B. The Eleventh Amendment Only Restricts Diversity Suits

This theory of the Eleventh Amendment maintains that the amendment bars suits in diversity only. Article III authorizes several broad categories of suits, including federal question suits and citizen-state diversity suits. Federal question suits involve “all Cases, in Law and Equity, arising under this Constitution, the Laws of the United States, and Treaties,”⁵⁶ while citizen-state diversity suits encompass cases “between a State and Citizens of another State.”⁵⁷ The suit at issue in *Chisholm* was a citizen-state diversity suit; that is, an action against a state brought in federal court by an out-of-state citizen, and, at least in *Chisholm*, based on state law, not federal law.⁵⁸ Under the diversity theory, *Chisholm* was wrongly decided not because immunity is constitutional, but because the majority failed to understand that diversity based solely on state law was not enough to abrogate common law sovereign immunity.⁵⁹ The Court's lack of understanding shows that compelling reasons exist for federal courts to carefully apply common law or avoid interpreting state laws.⁶⁰ The heart of the diversity theory rests on the logic that the Eleventh Amendment was enacted in direct response to the *Chisholm* decision. The *Chisholm* decision was a pure citizen-state diversity case based

⁵⁴ FRIEDENTHAL ET AL., *supra* note 51, at § 2.2 (stating that a court is under a duty to expose defects in subject matter jurisdiction); *see also* Patsy v. Bd. of Regents of Fla., 457 U.S. 496, 515 n.19 (1982) (maintaining that the Court has “never held that [the Eleventh Amendment] is jurisdictional in the sense that it must be raised and decided by this Court on its own motion.”).

⁵⁵ *See* Pennsylvania v. Union Gas Co., 491 U.S. 1, 14–15 (1989).

⁵⁶ U.S. CONST. art III, § 2, cl. 1.

⁵⁷ *Id.*

⁵⁸ *See generally* Chisholm v. Georgia, 2 U.S. (2 Dall.) 419 (1793).

⁵⁹ William P. Marshall, *The Diversity of the Eleventh Amendment: A Critical Evaluation*, 102 HARV. L. REV. 1372, 1391 (1989).

⁶⁰ *See id.*

solely on state law, thus suggesting that the Eleventh Amendment extends only to diversity cases and not to federal question cases.⁶¹ The Eleventh Amendment was not enacted and passed to immunize states for flagrant violations of federal law.

There is much to support this theory. First, the Eleventh Amendment only speaks to suits “against one of the United States by Citizens of another state,”⁶² thus it closely mirrors Article III’s diversity suit language⁶³—“between a State and Citizens of another State.”⁶⁴ Second, Congress rejected the first proposed version of the Eleventh Amendment,⁶⁵ which provided in part that “no state shall be liable to be made a party defendant . . . at the suit of any person or persons, whether a citizen or citizens, or a foreigner or foreigners,”⁶⁶ which would have effectively barred both in-state and out-of-state citizen suits. Third, supporting the broader concept that the Eleventh Amendment did not intend to constitutionalize all state sovereign immunity are the many inconsistencies between subject matter jurisdiction—which is truly a constitutional limitation on judicial power—and the Eleventh Amendment. Inconsistencies—such as a defendant’s ability to waive immunity but not subject matter jurisdiction and the Court’s ability, even when faced with an obvious Eleventh Amendment problem, to grant prospective injunction relief under *Ex parte Young*⁶⁷ but not other types of relief—point to a concept of sovereign immunity that is at least partly prudential in nature.⁶⁸

⁶¹ William A. Fletcher, *A Historical Interpretation of the Eleventh Amendment: A Narrow Construction of an Affirmative Grant of Jurisdiction Rather than a Prohibition Against Jurisdiction*, 35 STAN. L. REV. 1033, 1083–87 (1983) [hereinafter *Historical Interpretation*]; John J. Gibbons, *The Eleventh Amendment and State Sovereign Immunity: A Reinterpretation*, 83 COLUM. L. REV. 1889, 1934–39 (1983).

⁶² U.S. CONST. amend. XI.

⁶³ See *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 110 (1996) (Souter, J., dissenting); *Pennsylvania v. Union Gas Co.*, 491 U.S. 1, 24 (1989) (Stevens, J., concurring); CHEMERINSKY, *supra* note 26, at § 7.3.

⁶⁴ U.S. CONST. art. III, § 2.

⁶⁵ See *Seminole*, 517 U.S. at 111 (Souter, J., dissenting).

⁶⁶ *Id.* (alteration in original) (quoting GAZETTE OF THE U.S., Feb. 20, 1793, at 303).

⁶⁷ 202 U.S. 123 (1908).

⁶⁸ See *Seminole*, 517 U.S. at 126 (Souter, J., dissenting); *Union Gas*, 491 U.S. at 25–27 (Stevens, J., concurring); see also CHEMERINSKY, *supra* note 26, at § 7.3.

While a number of legal scholars support the diversity theory,⁶⁹ there are several aspects of Eleventh Amendment jurisprudence that weigh against it. First, while the Amendment may be read to apply only to diversity, this is by no means a compelled reading. In an argument that cuts both ways, both proponents and opponents of the diversity theory conclude that because Article III is not self-executing and because there was no statutory enactment of federal question jurisdiction until long after the Eleventh Amendment's ratification, the possibility of federal courts entertaining federal questions at the time the Amendment was ratified was remote at best.⁷⁰ Opponents of the diversity theory assert that the absence of language specifically addressing federal question jurisdiction is attributable to the remoteness of a suit so grounded.⁷¹ The argument goes that requiring the Amendment to contain reference to an unforeseen event is "overly exacting,"⁷² and, given that the framers' intent was to prevent the emptying of state coffers as a result of suits, foreclosing all suits—whether grounded in diversity or federal question jurisdiction—is the only way to serve that intent.

On the other hand, proponents of the theory counter that because present-day federal question jurisdiction could not be contemplated, it is wrong to assign that intent to the Amendment's drafters.⁷³ However, the proponents argue that even though federal question jurisdiction might have been speculative, the framers

⁶⁹ See generally Akhil Reed Amar, *Of Sovereignty and Federalism*, 96 YALE L.J. 1425 (1987); Alan D. Cullison, *Interpretation of the Eleventh Amendment (A Case of the White Knight's Green Whiskers)*, 5 HOUS. L. REV. 1 (1967); Fletcher, *Historical Interpretation*, *supra* note 61; Gibbons, *supra* note 61; Frederic S. Le Clercq, *State Immunity and Federal Judicial Power—Retreat from National Supremacy*, 27 U. FLA. L. REV. 361 (1975); Peter W. Thornton, *The Eleventh Amendment: An Endangered Species*, 55 IND. L.J. 293 (1980).

⁷⁰ See *Seminole*, 517 U.S. at 69–70.

⁷¹ See *id.*

⁷² *Id.* at 70.

⁷³ See William A. Fletcher, *The Diversity Explanation of the Eleventh Amendment: A Reply to Critics*, 56 U. CHI. L. REV. 1261, 1280–82 (1989). Admittedly, this is a rather odd argument considering some of the Justices who advocate the diversity theory—Justices Brennan, Marshall, Blackmun and Stevens—are hardly known for their judicial restraint.

were quite aware—precisely because of their strong concern in protecting state treasuries—that in rejecting the first version of the Amendment that prevented suit by in-state as well as out-of-state citizens, they were essentially allowing an out-of-state debt holder to assign his interest to an in-state citizen, who could bring the suit against the state.⁷⁴ To support their contention that the Amendment bars only diversity suits, and not federal question suits, proponents of the theory point out that the rejected version of the Amendment was directed at state debt owed to foreigners under the Treaty of Paris;⁷⁵ because the debt was owed under a treaty, it would have qualified even then for federal question adjudication under Article III.⁷⁶ The proponents’ reason that by rejecting the Amendment’s first version—but accepting the final version—the framers obviously meant to leave state-defendant, federal question jurisdiction open to federal court adjudication.⁷⁷ The proponents’ argument seems somewhat tenuous. Given that the purpose of the Amendment is to protect state treasuries, it is reasonable to assume that if the framers truly realized the possibility of using federal question jurisdiction to circumvent state sovereign immunity they would have foreclosed this avenue also. However, it is also quite clear that, on its face, the Amendment is much more likely to address only diversity and not federal question jurisdiction—especially a federal question dealing with the blatant disregard for federal law by a state.

Second, the *Hans* decision, which has stood for over one hundred years, is irreconcilable with this theory and must be overruled if the diversity theory is to be fully recognized. Justice Souter acknowledged this inconsistency between the *Hans* decision and the diversity theory in *Seminole*.⁷⁸ But in the interest of *stare decisis*, he maintained that he would not vote to overrule *Hans*, but would instead limit its holding to stand for the proposition that “the Constitution, without more, permits a State to

⁷⁴ *See id.*

⁷⁵ *See id.*; *see also Seminole*, 517 U.S. at 111.

⁷⁶ *See Seminole*, 517 U.S. at 112.

⁷⁷ *Id.*

⁷⁸ *Id.* at 128–29 (Souter, J., dissenting).

plead sovereign immunity” and that Congress can abrogate that immunity with clear language.⁷⁹

A final argument weighing against the diversity theory is that overruling *Chisholm* was effected by constitutional amendment, instead of simply by statute. While this could indicate recognition of the constitutional nature of sovereign immunity, it could, given the newness of the country, quite plausibly indicate an uncertainty on the part of Congress as to how to overturn a Supreme Court decision.⁸⁰ Adding to Congress’ uncertainty was the question of whether the *Chisholm* majority interpreted the Judiciary Act or whether it simply ignored the statute entirely.⁸¹ All told, the diversity theory, like the constitutional immunity theory, does not fit tightly with either the language of the Eleventh Amendment or with cases addressing the Amendment. However, the diversity theory has the advantage of providing a federal avenue for adjudication of important federal questions when a state is violating either the Constitution or a federal law, an action which the constitutional immunity theory does not permit.

C. *The Eleventh Amendment Reinstates Common Law Immunity*

Although premised on different logic, the common law immunity theory, like the diversity theory, permits Congress to abrogate state sovereign immunity because immunity is not constitutional. This theory proposes that the Eleventh Amendment was enacted solely to overrule *Chisholm*’s holding that Article III permitted suits against a state by out-of-state citizens; thus, the Amendment’s effect was to reinstate the common law immunity that was present prior to Article III.⁸² Professor Field, the main advocate of this theory, maintains that support for the theory can be found in historical sources from the time of the Constitution’s

⁷⁹ *Id.* at 116–17 (Souter, J., dissenting).

⁸⁰ *Id.* at 119–20.

⁸¹ Marshall, *supra* note 59, at 1388–89 (recognizing the weakness in the argument that overruling *Chisholm* by amendment evinces the constitutional dimensions of sovereign immunity).

⁸² Martha A. Field, *The Eleventh Amendment and Other Sovereign Immunity Doctrines: Part One*, 126 U. PA. L. REV. 515, 539–46 (1977).

ratification.⁸³ Those historical sources conflict, with some who ratified the Constitution proposing that Article III abrogated sovereign immunity and some proposing that it left immunity intact, and this theory reconciles those conflicts by finding that sovereign immunity survived the Constitution only as a common law doctrine—present, but easily abrogated by Congress.⁸⁴ Under this view, *Hans* is reconcilable with later court decisions, which held that Congress could abrogate immunity, because *Hans* did not constitutionalize any immunity.⁸⁵ The flaw in this analysis is that by its very language the Eleventh Amendment is constitutional, at least as applied to citizen-state diversity suits.⁸⁶ Certain Justices have expressly endorsed the common law immunity theory.⁸⁷ In *Seminole*, Justice Stevens maintained that *Hans* is consistent with a finding that Congress has power under Article I to abrogate sovereign immunity by employing the common law immunity theory, stating that “*Hans* instead reflects, at the most, this Court’s conclusion that, as a matter of *federal common law*, federal courts should decline to entertain suits against unconsenting States.”⁸⁸

D. The Eleventh Amendment Applies Only to the Judicial Branch

The separation of powers theory also maintains that the Eleventh Amendment is not a constitutional limitation on Congress’ power to abrogate sovereign immunity. According to this theory, the Eleventh Amendment was enacted to combat the excessive judicial activism of *Chisholm*, and thus the Amendment

⁸³ *Id.* at 538.

⁸⁴ *Id.*

⁸⁵ *Id.* at 541–42.

⁸⁶ See CHEMERINSKY, *supra* note 26, at § 7.3.

⁸⁷ Field, *supra* note 82, at 539 (explaining Justice Brennan’s view that after the ratification of Article III sovereign immunity had common law status).

⁸⁸ *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 84 (1996) (Stevens, J., dissenting) (emphasis added). Justice Stevens maintains that his dissent in *Seminole* is consistent with his concurrence in *Union Gas*. In that case, the Justice reconciles *Hans* based not on federal common law but on prudential principles of federalism and comity. *Cf.* *Pennsylvania v. Union Gas Co.*, 491 U.S. 1, 25–27 (1989). On the other hand, in *Seminole*, Justice Souter’s dissent explains that *Hans*’ holding was “wrongly decided.” *See Seminole*, 517 U.S. at 117 (Souter, J., dissenting).

applies only to the Judiciary and not to Congress.⁸⁹ Reasoning that because Article III addresses only judicial power but permits Congress to direct that power pursuant to the lawful exercise of its Article I powers, and because the Eleventh Amendment is directed at clarifying the courts' Article III powers, this theory concludes that the Amendment can reasonably be said to apply only to the courts and not to Congress.⁹⁰ Further, borrowing from Herbert Wechsler, the proponents of this theory contend that since Congress is composed of members who represent their constituent states, Congress is far better suited than the courts to wrestle with problems of allocating state and national power.⁹¹ The greatest problems with this theory are: first, the wording of the Amendment does not constrict its applicability to the Judiciary only; and second, to construe such a narrow focus would make the Eleventh Amendment unique as no other amendment is directed exclusively at one branch to the exclusion of others.

III. *SEMINOLE TRIBE OF FLORIDA V. FLORIDA*: SOVEREIGN IMMUNITY IS A CONSTITUTIONAL BAR.

The sovereign immunity landscape was dramatically changed in 1996 by the case of *Seminole Tribe of Florida v. Florida*.⁹² *Seminole* was not an intellectual property case, but a case under the Indian Commerce Clause⁹³ that, nonetheless, sent shock waves through the intellectual property community. *Seminole* held that Congress has no power whatsoever to abrogate state sovereign

⁸⁹ See John E. Nowak, *The Scope of Congressional Power to Create Causes of Action Against State Governments and the History of the Eleventh and Fourteenth Amendments*, 75 COLUM. L. REV. 1413, 1441–45 (1975); Laurence H. Tribe, *Intergovernmental Immunities in Litigation, Taxation, and Regulation: Separation of Powers Issues in Controversies About Federalism*, 89 HARV. L. REV. 682, 693–99 (1976). This excessive activism was either the Court's enforcement of a state cause of action or the creation of a federal cause of action by which litigants could force a state to honor its obligations under the Commerce Clause. Nowak, *supra*, at 1442.

⁹⁰ Tribe, *supra* note 89, at 693–95.

⁹¹ See Herbert Wechsler, *The Political Safeguards of Federalism: The Role of the States in the Composition and Selection of the National Government*, 54 COLUM. L. REV. 543, 545, 559–60 (1954).

⁹² 517 U.S. 44, 84 (1996).

⁹³ *Id.* at 84.

immunity under Article I of the United States Constitution.⁹⁴ Congress gets its power to legislate with respect to copyrights and patents by way of Article I, section 8, clause 8,⁹⁵ and its power to legislate with respect to trademarks by way of Article I, section 8, clause 3 (the Commerce Clause).⁹⁶ Under *Seminole*, all Article I legislation that attempts to abrogate the Eleventh Amendment is unconstitutional.⁹⁷

By a five to four vote, with Chief Justice Rehnquist writing the majority opinion in which Justices O'Connor, Scalia, Kennedy, and Thomas joined, the Court in *Seminole* endorsed the constitutional immunity theory of Eleventh Amendment jurisprudence, holding that the reach of the Eleventh Amendment extends beyond its express language and encompasses a constitutional limitation on federal courts' Article III powers.⁹⁸ The Court did not stop with this broad pronouncement but went even further, finding that Congress' plenary powers under Article I, specifically here the Indian Commerce Clause, did not permit Congress to abrogate a state's sovereign immunity.⁹⁹ In reaching

⁹⁴ See *id.* at 76.

⁹⁵ U.S. CONST., art. I, § 8, cl. 8. Clause 8 provides: Congress shall have power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." *Id.* The Constitution, at the time of its drafting, used the convention currently used in modern German, to capitalize all nouns. See Jochen Muesseler, Monika Niblein & Asher Koriat, *German Capitalization of Nouns and the Detection of Letters in Continuous Text*, 59(3) CANADIAN J. OF EXPERIMENTAL PSYCHOL. 143, 144 (2005).

⁹⁶ U.S. CONST., art. I, § 8, cl. 3. Clause 3 provides as follows: Congress shall have power "[t]o regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes." *Id.*

⁹⁷ See *Seminole*, 517 U.S. at 76. Therefore, the Copyright Reform Act, Patent Reform Act, and the Trademark Fair Use Reform Act are not valid legislation. The result is that unless the use of a patent, copyright, or trademark can be classified as a valid "taking," states are free to infringe with impunity under section 5 of the Fourteenth Amendment.

⁹⁸ See *id.* at 72-73.

⁹⁹ *Id.* The idea is that Article I comes first in time relative to the Eleventh Amendment. The Eleventh Amendment trumps Article I, so any legislation promulgated under Article I is invalid. The Fourteenth Amendment comes after the Eleventh Amendment, so legislation promulgated under the Fourteenth Amendment can be effective against the Eleventh Amendment. The logic seems simple, however, by the same token, one could then make the argument that all copyright legislation is illegal

its conclusion, the Supreme Court overruled *Union Gas*, which it decided in only 1989.¹⁰⁰ The Court did not adhere to the principle of *stare decisis*, but instead chose to reconsider the precedent set in *Union Gas*.¹⁰¹

In overruling *Union Gas* today, we reconfirm that the background principle of state sovereign immunity embodied in the Eleventh Amendment is not so ephemeral as to dissipate when the subject of the suit is an area, like the regulation of Indian commerce, that is under the exclusive control of the Federal Government. Even when the Constitution vests in Congress complete lawmaking authority over a particular area, the Eleventh Amendment prevents congressional authorization of suits by private parties against unconsenting States. The Eleventh Amendment restricts the judicial power under Article III, and Article I cannot be used to circumvent the constitutional limitation placed upon federal jurisdiction.¹⁰²

The result of *Seminole* is that, in many situations, Congress cannot provide a federal forum for monetary damages in cases in which the state is a defendant, even in the face of flagrant state violation of federal law.

Union Gas did not subscribe to any particular theory to attempt to explain Eleventh Amendment jurisprudence, but by holding that Congress *did have* authority under the Commerce Clause to abrogate a state's sovereign immunity as long as the abrogation was clear and unequivocal,¹⁰³ the Court necessarily rejected the notion of complete constitutional sovereign immunity.¹⁰⁴ While *Seminole* is unlikely to put to rest the academic debate over the

because the First Amendment came after the drafting of the Copyright and Patent Clause. To date, courts have not taken such an extreme stance.

¹⁰⁰ *Id.* at 59–73 (discussing *Pennsylvania v. Union Gas Co.*, 491 U.S. 1 (1989)).

¹⁰¹ *See id.* at 63.

¹⁰² *Id.* at 72–73.

¹⁰³ *Pennsylvania v. Union Gas Co.*, 491 U.S. 1, 15, 23 (1989).

¹⁰⁴ *See id.* at 18.

proper interpretation of the Eleventh Amendment, it does, at least for the present, solidify the Court's position on the Eleventh Amendment and Congress' Article I powers to abrogate sovereign immunity.

IV. THE EX PARTE YOUNG EXCEPTION

Even if a suit against a state is barred by the Eleventh Amendment, the plaintiff might still be granted prospective, injunctive relief against a state official under the doctrine of *Ex parte Young*.¹⁰⁵ The doctrine was borne in the aftermath of Reconstruction. The post-Reconstruction cases had laid waste to the *Osborn* principle, which held that although a state could not be haled into court as a defendant, the state's officers who perpetrated a wrong could be.¹⁰⁶ For example, in *Louisiana ex rel. Elliot v. Jumel*,¹⁰⁷ the Court decided that, notwithstanding *Osborn*, the Eleventh Amendment bar against suing a state in federal court extended to the state's officers as well.¹⁰⁸ *Jumel* and the other bondholder suits of the 1880s effectively foreclosed any avenue through which one could sue a state. Like the Eleventh Amendment-precipitating *Chisholm* decision, *Jumel* also set off shockwaves. In response to *Jumel*, a constitutional amendment repealing the Eleventh Amendment was introduced into Congress.¹⁰⁹ But the Amendment failed, and litigants wishing to sue a state were faced with the Eleventh Amendment's virtual iron-clad bar against suit until the 1908 case of *Ex parte Young*,¹¹⁰ which effectively resurrected *Osborn*.

In *Ex parte Young*, Minnesota's Attorney General Edward T. Young, was sued by railroad stockholders who sought to enjoin the enforcement of a rate ceiling on railroad fares.¹¹¹ The circuit court

¹⁰⁵ 209 U.S. 123 (1908).

¹⁰⁶ See generally *Osborn v. Bank of the U.S.*, 22 U.S. (9 Wheat.) 738 (1824).

¹⁰⁷ 107 U.S. 711 (1883).

¹⁰⁸ See *id.* at 728.

¹⁰⁹ ORTH, JUDICIAL POWER, *supra* note 21, at 70. The proposed amendment may be found at H.R. Res. 321, 47th Cong. (1883). Debate pertaining to it may be found at 14 CONG. REC. 1356 (1883).

¹¹⁰ 209 U.S. 123 (1908).

¹¹¹ See *id.* at 126–33.

issued a temporary restraining order against Young, and when Young enforced the law in violation of the court's order he was found in contempt of court.¹¹² Young petitioned the Supreme Court on a writ of habeas corpus, arguing that because he was acting under state authority the suit was effectively one against the state, and thus expressly prohibited by the Eleventh Amendment.¹¹³ This time, however, the Court found that notwithstanding the Eleventh Amendment, the Attorney General was subject to suit.¹¹⁴ The Court reasoned that when

[t]he act to be enforced is alleged to be unconstitutional; and if it be so, the use of the name of the state to enforce an unconstitutional act to the injury of complainants is a proceeding without the authority of, and one which does not affect, the state in its sovereign or governmental capacity. It is simply an illegal act upon the part of a state official in attempting, by the use of the name of the state, to enforce a legislative enactment which is void because unconstitutional. If the act which the state attorney general seeks to enforce be a violation of the Federal Constitution, the officer, in proceeding under such enactment, comes into conflict with the superior authority of that Constitution, 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. The state has no power to impart to him any immunity from responsibility to the supreme authority of the United States.¹¹⁵

By reinstating the state official exception to the Eleventh Amendment, but on grounds somewhat more logically sound¹¹⁶

¹¹² *See id.* at 132.

¹¹³ *See id.*

¹¹⁴ *See id.* at 167–68.

¹¹⁵ *Id.* at 159–60.

¹¹⁶ *Ex parte Young* is criticized as establishing a false distinction between a state official and the state itself—false because, regardless of whether the state or its officer is

than *Osborn*'s highly formalistic rationale of simply relying on the person designated as the opposing party, *Ex parte Young* yielded the same practical result as *Osborn*: to circumvent the Eleventh Amendment a plaintiff must sue not the state but the official enforcing the state law. Recognizing an Eleventh Amendment exception that allows states to be enjoined from enforcing unconstitutional laws is vital to fulfilling the supremacy clause's purpose.¹¹⁷ Without a means to sanction a state's unconstitutional behavior, the Constitution becomes nothing more than a guideline.

There is one great difference that prevents the *Ex parte Young* doctrine from becoming the exception that swallows the rule of sovereign immunity: *Ex parte Young* only applies when suing a state officer for prospective, injunctive relief.¹¹⁸ Thus, when a suit is against a state directly or against a state official, the Eleventh Amendment bars the suit, except when, under *Ex parte Young*, the officer is named in his individual capacity and the relief sought is not damages, past debt, or retroactive relief.¹¹⁹ *Ex parte Young* creates an avenue for forcing a state, through its officers, to conform to federal law while also preserving state treasuries—one of the main purposes of the Eleventh Amendment.

the defendant, the result is that a successful suit results in enjoining the state law; thus, the *Ex parte Young* fiction permits a situation no different than if the state's sovereign immunity had been abrogated. See CHEMERINSKY, *supra* note 26, at § 7.5.1 (listing scholars who criticize *Ex parte Young* for its fictional qualities); ORTH, JUDICIAL POWER, *supra* note 21, at 131 (noting that "among legal commentators, especially in later years, the case is barely tolerated" because of its reliance on a so-called "legal fiction"). A second, separate aspect of the *Ex parte Young* fiction is that the same unconstitutional action by the same officer that strips state involvement for Eleventh Amendment purposes, creates state action under the Fourteenth Amendment. See *Florida Dep't of State v. Treasure Salvors, Inc.*, 458 U.S. 670, 685 (1982); *Home Tel. & Tel. v. Los Angeles*, 227 U.S. 278, 294 (1913); CHEMERINSKY, *supra* note 26, at § 7.5.1. Professor Orth, however, argues that the legal fiction is not as great as critics have supposed; the plaintiffs in *Ex parte Young* were in fact suing Attorney General Young for his wrongful enforcement and, under a rather strained analogy, like a corporate officer acting *ultra vires*, Young was acting outside the power of the state and thus acting alone. ORTH, JUDICIAL POWER, *supra* note 21, at 132–35.

¹¹⁷ *Pennhurst State Sch. & Hosp. v. Halderman*, 465 U.S. 89, 105 (1984) (noting that "[o]ur decisions repeatedly have emphasized that the *Ex parte Young* doctrine rests on the need to promote the vindication of federal rights").

¹¹⁸ See *id.*

¹¹⁹ *Id.* at 105–06.

Seminole potentially alters the law surrounding the *Ex parte Young* doctrine. In *Seminole*, Chief Justice Rehnquist wrote:

[W]e have often made it clear that the relief sought by a plaintiff suing a State is irrelevant to the question whether the suit is barred by the Eleventh Amendment. We think it follows *a fortiori* from this proposition that the type of relief sought is irrelevant to whether Congress has power to abrogate States' immunity. The Eleventh Amendment does not exist solely in order to "preven[t] federal-court judgments that must be paid out of a State's treasury"; it also serves to avoid "the indignity of subjecting a State to the coercive process of judicial tribunals at the instance of private parties."¹²⁰

This makes it clear that simply suing a state official for prospective, non-monetary relief instead of damages may not be enough to invoke the *Ex parte Young* exception. The Seminole Tribe of Florida, the plaintiff in *Seminole*, sued not only the state of Florida but also its governor, Lawton Chiles, seeking to force the state into good faith negotiations regarding the tribe's desire to start legalized gambling on their land.¹²¹ The *Seminole* majority rejected the argument that the suit against Governor Chiles fell under the *Ex parte Young* exception, even though the relief sought was not monetary, and dismissed the suit on Eleventh Amendment grounds.¹²²

Although the *Seminole* decision was not written in fact-specific language, to understand *Seminole*'s potential ramifications on the doctrine of *Ex parte Young* it is helpful to examine the Indian Gaming Regulatory Act ("IGRA"),¹²³ the jurisdiction-granting statute in the case. IGRA provides that Indian tribes may run

¹²⁰ *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 58 (1996) (quoting *Hess v. Port Auth. Trans-Hudson Corp.*, 513 U.S. 30, 48 (1994); *P.R. Aqueduct and Sewer Auth. v. Metcalf & Eddy*, 506 U.S. 139, 146 (1993)).

¹²¹ *See id.* at 51.

¹²² *See id.* at 76.

¹²³ Indian Gaming Regulatory Act, 25 U.S.C. § 2710 (2006).

legalized gambling games¹²⁴ only when, among other things, they are “conducted in conformance with a Tribal-State compact entered into by the Indian tribe and the State.”¹²⁵ A tribe desiring to form a Tribal-State compact must formally request that the state enter into negotiations, and “[u]pon receiving such a request, the State shall negotiate with the Indian tribe in good faith to enter into such a compact.”¹²⁶ If the state fails to negotiate, or does not negotiate in good faith, IGRA grants federal courts the jurisdiction to “order the State and the Indian Tribe to conclude such a compact within a 60-day period.”¹²⁷ Should the court-ordered good faith negotiations fail to result in a compact, IGRA provides stronger remedial action, culminating in a compact forced upon the state by the Secretary.¹²⁸

The Supreme Court nonetheless dismissed the suit against Governor Chiles, even though the relief sought was non-monetary.¹²⁹ Generally, a suit seeking damages against federal officers is allowed under a *Bivens* action, unless “Congress has provided an alternative remedy which it explicitly declared to be a substitute for recovery directly under the Constitution and viewed as equally effective.”¹³⁰ By applying this logic to the question of whether the Eleventh Amendment bar should be lifted under the *Ex parte Young* exception, the Court found that “the same general principle applies: . . . where Congress has prescribed a detailed remedial scheme for the enforcement against a State of a statutorily created right, a court should hesitate before casting aside those limitations and permitting an action against a state officer based upon *Ex parte Young*.”¹³¹ According to the Court, a remedial

¹²⁴ The games at issue here were classified as Class III, the most heavily regulated of the three possible classes, and included games such as “slot machines, casino games, banking card games, dog racing, and lotteries.” *Seminole*, 517 U.S. at 48.

¹²⁵ 25 U.S.C. § 2710(d)(1)(C).

¹²⁶ *Id.* § 2710(d)(3)(A).

¹²⁷ *Id.* § 2710(d)(7) (granting jurisdiction and prescribing a remedial scheme).

¹²⁸ *Id.* § 2710(d)(7)(B)(vii).

¹²⁹ See *Seminole*, 517 U.S. at 74–75.

¹³⁰ *Carlson v. Green*, 446 U.S. 14, 18–19 (1980) (emphasis omitted); see also *Schweiker v. Chilicky*, 487 U.S. 412, 423 (1988); *Bivens v. Six Unknown Named Agents of the Federal Bureau of Narcotics*, 403 U.S. 388, 421 (1971).

¹³¹ *Seminole*, 517 U.S. at 74.

scheme especially cautions against finding an *Ex parte Young* exception when the full statutory remedy, here a compact imposed by the executive branch, is less than the “full remedial powers of a federal court, including, presumably, contempt sanctions.”¹³²

Expanding this exception to the situation in which the question is whether the Eleventh Amendment should completely bar a suit regardless of explicit Congressional intent seems rather odd. Although Chief Justice Rehnquist termed IGRA’s sanctions “modest,”¹³³ forcing a state to accept a federally imposed contract regulating gambling—a traditional area of state self-regulation—between itself and another party is in fact a greater imposition than finding a state officer, albeit in this case, the governor, in contempt. More fundamentally, if Congress does not have the power to impose its detailed remedial scheme directly against a state or a state’s officers because it lacks the power to do so in the face of the Eleventh Amendment, why should it matter what the remedial scheme is, since it will never be brought to bear? A catch-22 is created: if Congress imposes a remedial scheme, the Eleventh Amendment bar will stand, but if the Eleventh Amendment bar stands, the remedial scheme will never be imposed.

The Copyright Act permits suit against “anyone” who infringes, with “anyone” being defined so as to include “any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her *official capacity*.”¹³⁴ The Patent Act uses exactly the same language to define the range of permissible defendants, except that it uses the word “whoever” instead of anyone.¹³⁵ Compare the language used to define the defendant range in post-*Seminole* cases challenging the applicability of *Ex parte Young*: both the Resource Conservation and Recovery Act¹³⁶ and the Clean Water Act¹³⁷—

¹³² *Id.* at 75.

¹³³ *Id.*

¹³⁴ 17 U.S.C. § 501(a) (2006) (emphasis added).

¹³⁵ 35 U.S.C. § 271(h) (2006).

¹³⁶ 42 U.S.C. § 6972 (2006); *see also* *Prisco v. New York*, 1996 WL 596546, *15–16 (S.D.N.Y. Oct. 16, 1996) (examining whether statute forecloses an *Ex parte Young* suit).

the latter cited by Chief Justice Rehnquist as an act presumably withstanding a claim that *Ex parte Young* is foreclosed¹³⁸—permit suit “against any person (including (i) the United States, and (ii) any other governmental instrumentality).”¹³⁹ Similarly, the Endangered Species Act permits “enjoin[ing] any person, including the United States and any other governmental instrumentality.”¹⁴⁰ These Acts allow suit against any individual, including a governmental entity, and in no way limit the type of suit maintainable against governmental officials.

A suit against an officer in his official capacity is considered to be actually against the state, and is thus subject to the same Eleventh Amendment concerns as is a suit naming the state directly.¹⁴¹ As an exception to the Eleventh Amendment bar, *Ex parte Young* suits are permissible only against officers in their official capacities and only for prospective, injunctive relief.¹⁴² The Supreme Court has stated that “the phrase ‘acting in their official capacities’ is best understood as a reference to the capacity in which the state officer is sued, not the capacity in which the officer inflicts the alleged injury.”¹⁴³ Since Congress set the range of defendants to include those officials acting in their official capacities, it can be persuasively argued that Congress intended the class of defendants to include *Ex parte Young* suits.¹⁴⁴ Therefore, even though neither the Patent Act nor the Copyright Act permits

¹³⁷ 33 U.S.C. § 1365(a)(1) (2006); see *Natural Res. Def. Council v. Cal. Dep’t of Transp.*, 96 F.3d 420, 421 (9th Cir. 1996) (examining whether an *Ex parte Young* action is authorized by statute).

¹³⁸ See *Seminole*, 517 U.S. at 75 n.17 (1996).

¹³⁹ 33 U.S.C. § 1365(a)(1) (2006); see also 42 U.S.C. § 6972 (2006).

¹⁴⁰ 16 U.S.C. § 1540(g)(1)(A) (2006).

¹⁴¹ *Hafer v. Melo*, 502 U.S. 21, 25 (1991).

¹⁴² *Edelman v. Jordan*, 415 U.S. 651, 677 (1974).

¹⁴³ *Hafer*, 502 U.S. at 26 (quoting *Will v. Mich. Dep’t of State Police*, 491 U.S. 58, 109 (1989)).

¹⁴⁴ In the *Ex parte Young* action against Georgia State University, the plaintiffs named the University President, the Head Librarian, and other individuals, as the defendants, not the University. See *Cambridge Univ. Press v. Becker*, No. 1:08-CV-1425-ODE (N.D. Ga. Sept. 30, 2010) (holding that, as an entity, Georgia State is not capable of determining fair use nor of copying or reproducing materials that are copyrighted).

citizen-suits, under *Seminole*, Congress did seem to intend to allow *Ex parte Young* suits.¹⁴⁵

Even if the Court determines that *Ex parte Young* suits are allowed against state officials who allegedly infringe copyright or patent rights, such a remedy falls far short of making the intellectual property owner whole. Injunctions are prospective relief and can guard only against future infringements, thus they do nothing to remedy the past injury that initially justified the injunction. Further, there is no compensation for lost market share, an important consideration in the computer industry where a company often releases several upgraded versions within a single product line. In the ephemeral world of computer hardware and software, an injunction may be especially ill-suited to remedying infringement; by the time the infringement is detected and an injunction issued, the product may be obsolete.¹⁴⁶ Unlike the one-time collection of damages, enforcing an injunction entails ongoing monitoring to ensure compliance.¹⁴⁷ Without the ability to seek monetary compensation, the cost of procuring and enforcing an injunction can be prohibitively expensive, especially for the many small software companies. Finally, unlike a judgment against a state, an *Ex parte Young* injunction is specific to the state official, so should another, unnamed official begin infringing, a second injunction must be sought.¹⁴⁸ All said, an injunction is a poor substitute for recovery of monetary damages against a state that infringes a copyright or patent.

¹⁴⁵ It could be argued that Congress intended all suits against States, by passing the Copyright Remedy Clarification Act (“CRCA”) and the Patent and Plant Variety Protection Remedy Clarification Act (“PRCA”), but *Seminole* restricted the coverage of them.

¹⁴⁶ See, e.g., THE REGISTER OF COPYRIGHTS, U.S. COPYRIGHT OFFICE, COPYRIGHT LIABILITY OF STATES AND THE ELEVENTH AMENDMENT 14 (1988) (noting that injunctions are of lesser value in area of short-lived music).

¹⁴⁷ See *id.* at 15.

¹⁴⁸ See *id.*

V. STATE SOVEREIGN IMMUNITY AND INTELLECTUAL PROPERTY
LAW

A. *Initial History*

From 1790 to 1962, no court dismissed a suit for alleged intellectual property infringement by a state on Eleventh Amendment sovereign immunity grounds.¹⁴⁹ An individual was free to recover damages from a state that was guilty of copyright, patent, or trademark infringement. Then in 1962, a copyright infringement action against an Iowa school district was dismissed by the Eighth Circuit Court of Appeals for lack of jurisdiction under the Eleventh Amendment.¹⁵⁰ No other circuit court at the time had reached that conclusion.¹⁵¹

In 1985, the Supreme Court in *Atascadero State Hospital v. Scanlon* dismissed an employment discrimination case because Congress had not provided the requisite “unequivocal statutory language” in the Rehabilitation Act of 1973 necessary to abrogate state sovereign immunity;¹⁵² general authorizing language was insufficient.¹⁵³ The Court held that federal statutes purporting to abrogate state sovereign immunity must clearly express Congress’ intent to provide a remedy for individuals filing suit against a state.¹⁵⁴ Legislation containing general language such as “anyone,” or “whoever,” was not enough. Congress had to be specifically clear that a state could and would be a party to the litigation.

¹⁴⁹ *Sovereign Immunity and the Protection of Intellectual Property: Hearing Before the S. Comm. on the Judiciary*, 107th Cong. 12 (2002) (statement of Marybeth Peters, Register of Copyrights, U.S. Copyright Office) [hereinafter *Sovereign Immunity Hearing*]. The Copyright Act of 1790 made “any person” liable for damages as a result of copyright infringement. 1 Stat. 124 (§ 6) (1790).

¹⁵⁰ *See Sovereign Immunity Hearing*, *supra* note 149, at 12 (citing *Wihitol v. Crow*, 309 F.2d 777, 781 (8th Cir. 1962)).

¹⁵¹ *See id.*

¹⁵² *See id.* (citing *Atascadero State Hosp. v. Scanlon*, 473 U.S. 234, 246 (1985)).

¹⁵³ *Id.* at 246.

¹⁵⁴ *Id.* at 242.

For example, in *BV Engineering v. University of California*,¹⁵⁵ a pre-*Seminole*, pre-Copyright Remedy Clarification Act (“CRCA”) case made famous because it highlighted the need for clear congressional abrogation of state sovereign immunity with regard to copyright laws, the Ninth Circuit held that the Eleventh Amendment immunized the state from suit even though no other remedy was available.¹⁵⁶ The court held that under current law, it was up to Congress to abrogate state immunity with clear “unequivocal” language, and until Congress did so “states [may] violate the federal copyright laws with virtual impunity.”¹⁵⁷ Shortly thereafter, Congress passed CRCA.¹⁵⁸

Congress, however, was a little shortsighted, and did not realize that the same problem would emerge in patent and trademark litigation.¹⁵⁹ Highlighting this oversight, the Federal Circuit Court of Appeals, applying *Atascadero* in *Chew v. California*, held that the Patent Act did not contain the “requisite unmistakable language of congressional intent necessary to abrogate Eleventh Amendment immunity.”¹⁶⁰ After the Federal Circuit decided *Chew*, Congress realized its error and passed the Trademark Remedy Clarification Act (“TRCA”),¹⁶¹ and the Patent and Plant Variety Protection Remedy Clarification Act (“PRCA”).¹⁶² Along with CRCA, language within these acts specifically and unequivocally abrogated state sovereign immunity and subjected the states to suits for monetary damages brought by individuals for violation of federal copyright, trademark, or patent law.

¹⁵⁵ 858 F.2d 1394 (9th Cir. 1988), *cert. denied*, 489 U.S. 1090 (1989).

¹⁵⁶ *See id.* at 1400.

¹⁵⁷ *Id.*

¹⁵⁸ 17 U.S.C. § 511 (2006).

¹⁵⁹ *See* Michael B. Landau, *Sovereign Immunity and United States Patent and Copyright Law*, 7 INTELL. PROP. J. 204, 205 (1992). For two years, states were fully liable for copyright infringement and fully immune from liability for patent infringement.

¹⁶⁰ 893 F.2d 331, 334 (Fed. Cir. 1990).

¹⁶¹ 15 U.S.C. § 1122 (2006).

¹⁶² 35 U.S.C. § 296 (2006).

B. The Florida Prepaid Cases

In 1999, following *Seminole*, and concerned about sovereign immunity's application to the intellectual property laws, the Supreme Court granted certiorari on two companion cases out of the Third and Federal Circuits. College Savings Bank had a patent for its college financing method, which would provide the investor guaranteed funds for college at maturity.¹⁶³ Florida appropriated the methodology and issued investments to its residents under the name Florida Prepaid Postsecondary Education Expense Board ("Board").¹⁶⁴ In response to the Board's action, College Savings Bank filed an action with two separate claims against the Board, seeking among other things, money damages.¹⁶⁵ The first claim was for patent infringement; the second claim was for false and misleading advertising.¹⁶⁶ Ultimately, the cases were split with the patent case going to the Federal Circuit on appeal and then to the Supreme Court and the false advertising case going to the Third Circuit on appeal and then to the Supreme Court. The Supreme Court cases will be analyzed in turn, with the majority of the analysis focused on the patent case.

In *Florida Prepaid I*, the patentee brought an action against a state agency for patent infringement of a patented apparatus and method for administering a college investment program.¹⁶⁷ The United States intervened in favor of the patent holder.¹⁶⁸ The District Court denied the Board's motion to dismiss,¹⁶⁹ and the Federal Circuit affirmed.¹⁷⁰ In its holding, the Federal Circuit found that Congress had expressly stated its "intent to abrogate States' immunity from suit in federal court for patent infringement, and that Congress had the power under § 5 of the Fourteenth

¹⁶³ *Florida Prepaid I*, 527 U.S. at 630–31.

¹⁶⁴ *Id.* at 631.

¹⁶⁵ *Id.*

¹⁶⁶ *See generally* Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Bd., 948 F.Supp. 400 (D.N.J. 1996), *aff'd*, 148 F.3d 1343 (Fed. Cir. 1998), *rev'd*, 527 U.S. 627 (1999).

¹⁶⁷ *Florida Prepaid I*, 527 U.S. at 631.

¹⁶⁸ *Id.* at 633.

¹⁶⁹ *Id.*

¹⁷⁰ *Id.*

Amendment to do so.”¹⁷¹ The court continued that “patents are property subject to the protections of the Due Process Clause,”¹⁷² and Congress legislated to prevent what was, in essence, states taking a license without compensating the patent holder.¹⁷³ Finally, the Federal Circuit held that the legislation was a “proportionate response” to prevent the “significant harm [that] results from state infringement of patents.”¹⁷⁴ The court concluded, “[t]here is no sound reason that Congress cannot subject a state to the same civil consequences that face a private party infringer.”¹⁷⁵ The Supreme Court reversed, by the same split that they decided *Seminole*.¹⁷⁶

Justice Rehnquist held that congressional intent to abrogate sovereign immunity from patent claims was unmistakably clear,¹⁷⁷ but neither the Commerce Clause nor the Patent Clause of the Constitution provided Congress with the valid authority to abrogate.¹⁷⁸ The Fourteenth Amendment’s authorization for appropriate legislation to protect against “deprivation[s] of property without due process”¹⁷⁹ did not provide Congress with authority to abrogate sovereign immunity under PRCA.¹⁸⁰

The Court reached its decision that the Fourteenth Amendment¹⁸¹ was not violated, despite the state having used the

¹⁷¹ *Id.*

¹⁷² *Id.*

¹⁷³ *See id.*

¹⁷⁴ *Id.* at 634.

¹⁷⁵ *Coll. Sav. Bank v. Fla. Prepaid Postsecondary Educ. Bd.*, 148 F.3d 1343, 1355 (Fed. Cir. 1998), *rev’d*, 527 U.S. 627 (1999).

¹⁷⁶ Chief Justice Rehnquist and Justices O’Connor, Scalia, Kennedy, and Thomas were in the majority; Justices Stevens, Souter, Ginsburg, and Breyer were in the minority. *Florida Prepaid I*, 527 U.S. 627 (1999); *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44 (1996). The same alignment decided the trademark case in the Supreme Court with the same parties. *Florida Prepaid II*, 527 U.S. 666 (1999).

¹⁷⁷ *Florida Prepaid I*, 527 U.S. at 635.

¹⁷⁸ *Id.* at 636.

¹⁷⁹ *Id.* at 643.

¹⁸⁰ *Id.* at 647–48.

¹⁸¹ The Fourteenth Amendment of the United States Constitution provides in relevant part: “No State shall . . . deprive any person of life, liberty, or property, without due process of law . . . The Congress shall have the power to enforce, by appropriate legislation, the provisions of this article.” U.S. CONST. amend. XIV, §§ 1, 5.

patent without compensating the patent holder. The Court reasoned:

[I]n enacting the Patent Remedy Act, however, Congress identified no pattern of infringement by the States, let alone a pattern of constitutional violations. . . . The House Report . . . could provide only two examples of patent infringement suits against the States. The Federal Circuit in its opinion identified only eight patent-infringement suits prosecuted against the States in the 110 years between 1880 and 1990.¹⁸²

The court noted that “Congress, however, barely considered the availability of state remedies for patent infringement.”¹⁸³ State remedies are few and far between, for 28 U.S.C. § 1338 expressly states that, “[t]he district 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.”¹⁸⁴

Justice Stevens, in his dissent, further discussed the history of federal jurisdiction:

The Constitution vests Congress with plenary authority over patents and copyrights. Nearly 200 years ago, Congress provided for exclusive jurisdiction of patent infringement litigation in the federal courts. . . . Given the absence of effective state remedies for patent infringement . . . [the Patent Remedy Act] was an appropriate exercise of Congress’ power under § 5 of the Fourteenth Amendment to prevent state deprivations of property without due process of law.¹⁸⁵

¹⁸² *Florida Prepaid I*, 527 U.S. at 640 (citations omitted).

¹⁸³ *Id.* at 628.

¹⁸⁴ 28 U.S.C. § 1338(a) (emphasis added).

¹⁸⁵ 527 U.S. at 648–49 (Stevens, J., dissenting) (citation omitted); *see also* *Campbell v. City of Haverhill*, 155 U.S. 610, 620 (1895).

He noted that in *Chew v. California*,¹⁸⁶ the case that led Congress to pass PRCA, the lack of ability to pursue a state remedy was paramount in its decision to legislate to abrogate sovereign immunity.¹⁸⁷ There was also testimony in the aftermath of *Chew* by Professor Robert Merges stating that the plaintiff might not be able to draft her complaint as a tort claim: “This might be impossible, o[r] at least difficult under California law. Consequently, relief under [state statutes] may not be a true alternative avenue of recovery.”¹⁸⁸ Justice Stevens also noted that “this court has never mandated that Congress must find ‘widespread and persisting deprivation of constitutional rights’ in order to employ its § 5 authority.”¹⁸⁹

The other case, *Florida Prepaid II*,¹⁹⁰ dealt with false advertising under the Lanham Act. The Court, too, held that Congress had no power to abrogate sovereign immunity under Article I.¹⁹¹ As for the false advertising claim, the majority held that the Due Process Clause protected neither of the interests advanced by the petitioners: “(1) a right to be free from a business competitor’s false advertising about its own product, and (2) a

¹⁸⁶ 893 F.2d 331 (Fed. Cir. 1990).

¹⁸⁷ *Florida Prepaid I*, 527 U.S. at 655.

¹⁸⁸ *Id.* at 655–56 (quoting *Patent Remedy Clarification Act: Hearing on H.R. 3886 before the Subcomm. on Courts, Intellectual Prop., and the Admin. of Justice of the H. Comm. on the Judiciary*, 101st Cong. 33 (1990) (statement of Robert Merges)). Merges continued,

Another problem with this approach is that it assumes that such state law remedies will be available in every state in which the patentee’s product will be sold. This may or may not be true. In any event, requiring a potential plaintiff (patent) to ascertain the validity of her claims under then differing substantive and procedural law of the fifty states may well prove to be a vary substantial disincentive to the commencement of such suits. Moreover it would vitiate a major goal of the federal intellectual property system: national uniformity. In short, these remedies are simply no substitute for patent infringement actions.

Patent Remedy Clarification Act: Hearing on H.R. 3886 before the Subcomm. on Courts, Intellectual Prop., and the Admin. of Justice of the H. Comm. on the Judiciary, 101st Cong. 33, 33–34 (1990) (statement of Robert Merges) [hereinafter *House Hearings*].

¹⁸⁹ *Florida Prepaid I*, 527 U.S. at 660 (citation omitted).

¹⁹⁰ 527 U.S. 666 (1999).

¹⁹¹ *Id.* at 693.

more generalized right to be secure in one's business interests."¹⁹² The Court also overruled *Parden v. Terminal Railway of Alabama Docks Department*¹⁹³ eliminating any defense based upon waiving sovereign immunity by participating in federally regulated activities.¹⁹⁴ Justice Stevens again dissented, claiming "the activity of doing business . . . is a form of property,"¹⁹⁵ and there should be deference to Congress in its decision to abrogate sovereign immunity.¹⁹⁶ Justice Breyer also vehemently dissented as to the Court's overruling of *Parden*.¹⁹⁷

Following the Supreme Court cases, the Fifth Circuit decided *Chavez v. Arte Publico Press*.¹⁹⁸ The plaintiff in *Chavez* brought a claim under CRCA against a state university and one of its employees.¹⁹⁹ The court, like the *Florida Prepaid* Court, found that CRCA would be an invalid exercise of power under Article I legislative power.²⁰⁰ The court then addressed whether CRCA was a valid abrogation of states' sovereign immunity under the Fourteenth Amendment.²⁰¹ In finding no valid abrogation under the Fourteenth Amendment, the *Chavez* Court noted, as the *Florida Prepaid* Court did, that, "the record does not indicate that Congress was responding to the kind of massive constitutional violations that have prompted proper remedial legislation."²⁰²

Suffice it to say, there was great disagreement over the two *Florida Prepaid* cases. The Eleventh Amendment was not a bar to intellectual property cases under Article I until the late 1980s—and that was just a temporary glitch to provide the states with clear and unequivocal language. It is truly new law to say that Congress has no power under Article I to abrogate considering that there was no

¹⁹² *Id.* at 672.

¹⁹³ 377 U.S. 184 (1964).

¹⁹⁴ *Florida Prepaid II*, 527 U.S. at 682.

¹⁹⁵ *Id.* at 693.

¹⁹⁶ *Id.*

¹⁹⁷ *See id.* at 693–99.

¹⁹⁸ 204 F.3d 601 (5th Cir. 2000).

¹⁹⁹ *Id.* at 603–04.

²⁰⁰ *Id.* at 604.

²⁰¹ *See id.* at 604–08.

²⁰² *Id.* at 607.

bar to intellectual property cases for over 200 years. It is hard to believe the Court's assertion that no pattern of infringement exists.

C. There is Now a Pattern of Infringement of Intellectual Property Rights

In *Florida Prepaid I*, the Supreme Court held that Congress, in enacting PRCA, did not have the authority to abrogate the states' sovereign immunity from patent infringement claims.²⁰³ The Court applied the test from *Seminole* and asked, "whether Congress has 'unequivocally expresse[d] its intent to abrogate the immunity,' . . . and second, whether Congress has acted 'pursuant to a valid exercise of power.'"²⁰⁴ After finding that Congress had clearly intended to abrogate, the Court moved on to address whether Congress had the authority to do so.²⁰⁵

The Court first determined that under *Seminole*, Congress could not abrogate the states' sovereign immunity under Article I powers. The Court then turned to the question of whether "Congress enacted the Patent Remedy Act to secure the Fourteenth Amendment's protections against deprivations of property without due process of law."²⁰⁶ To do so, the Court determined that PRCA would need to be viewed as a remedial measure enacted to ensure Fourteenth Amendment violations against patent owners.²⁰⁷

To be remedial in nature, Congress would need to have enacted PRCA in response to unremedied state infringement of patents.²⁰⁸ The Court, however, found that there was not enough evidence of such patent claims against states because "[t]he Federal Circuit . . . identified only eight patent-infringement suits prosecuted against the States in the 110 years between 1880 and 1990."²⁰⁹ The Court found that this "handful" of suits did "not respond to a history of 'widespread and persisting deprivation of constitutional rights' of

²⁰³ See *Florida Prepaid I*, 527 U.S. 627, 647–48 (1999).

²⁰⁴ *Id.* at 635 (quoting *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 55 (1996)).

²⁰⁵ See *id.* at 635–48.

²⁰⁶ *Id.* at 636.

²⁰⁷ See *id.* at 639–43.

²⁰⁸ See *id.* at 640.

²⁰⁹ *Id.*

the sort Congress has faced in enacting proper prophylactic § 5 legislation.”²¹⁰

Although the Court could only cite to a “handful” of cases in its 1999 *Florida Prepaid* decisions, many more patent infringement claims against states have transpired in the intervening 12 years. Within two months, the Nevada District Court dismissed patent infringement claims against Nevada agencies based on sovereign immunity in *Progressive Games, Inc. v. Shuffle Master, Inc.*²¹¹ In 2001, the Federal Circuit upheld the state’s sovereign immunity from alleged patent infringement claims brought by highway construction corporations in *State Contracting & Engineering Corp. v. State of Florida*.²¹² The Southern District Court of Texas even dismissed a correction of inventorship suit against an arm of the state based on sovereign immunity grounds in *Xechem International, Inc. v. University of Texas M.D. Anderson Cancer Center*.²¹³ Multiple cases involving courts granting state actors sovereign immunity in patent infringement suits followed.²¹⁴ There might not have been a

²¹⁰ *Id.* at 645–46 (quoting *City of Boerne v. Flores*, 521 U.S. 507, 526 (1997)).

²¹¹ 69 F. Supp. 2d 1274, 1275 (D. Nev. 1999).

²¹² *State Contracting & Eng’g Corp. v. Florida*, 258 F.3d 1329, 1336–37 (Fed. Cir. 2001).

²¹³ No. H-02-1013, 2003 WL 24232747, at *5 (S.D. Tex. 2003).

²¹⁴ *See generally* *A123 Sys., Inc. v. Hydro-Quebec*, 626 F.3d 1213 (Fed. Cir. 2010) (finding that the State university had not waived its sovereign immunity in the patent infringement suit); *Baum Research & Dev. Co. v. Univ. of Mass. at Lowell*, 53 F.3d 1367 (Fed. Cir. 2007) (holding that the State university had waived its sovereign immunity in a patent infringement suit against it); *Biomedical Patent Mgmt. Corp. v. Cal. Dep’t of Health Servs.*, 505 F.3d 1328 (Fed. Cir. 2007) (holding that the State had not waived its sovereign immunity in a patent infringement suit against the State and a State agency); *Vas-Cath, Inc., v. Curators of Univ. of Mo.*, 473 F.3d 1376 (Fed. Cir. 2007) (holding that State university had waived its sovereign immunity from private party’s appeal of an interference proceeding initiated by the university); *Pennington Seed, Inc. v. Produce Exch. No. 299*, 457 F.3d 1334 (Fed. Cir. 2006) (finding the State university was immune from the patent infringement suit brought by private party); *Tegic Commc’ns Corp. v. Bd. of Regents of the Univ. of Tex. Sys.*, 458 F.3d 1335 (Fed. Cir. 2006) (relying on *Florida Prepaid* in finding that, “the Court has confirmed the applicability of Eleventh Amendment immunity to suits pertaining to violations of federal patent and trademark laws,” during suit brought by private party against State university system for a declaratory judgment of invalidity and unenforceability); *Competitive Techs., Inc. v. Fujitsu Ltd.*, 374 F.3d 1098 (Fed. Cir. 2004) (finding a State university had waived its

pattern found at the time of the *Florida Prepaid* cases, but there most certainly is a pattern of abuse now. The actual number of controversies is far larger; most violations do not go to trial, they settle.

All areas of intellectual property law have seen a pattern of states infringing private parties' intellectual property rights. Many post-*Florida Prepaid* cases concerning states' sovereign immunity with respect to copyright claims followed the Fifth Circuit's decision in *Chavez*.²¹⁵ After the *Chavez* court noted the lack of constitutional violations caused by states using private parties' copyrighted materials, at least eleven more courts applied the *Chavez* rationale to uphold states' sovereign immunity from copyright claims against state actors.²¹⁶ Without explicitly

sovereign immunity for invalidity, non-infringement, and unenforceability counterclaims); *Voter Verified, Inc. v. Premier Election Solutions, Inc.*, 2010 WL 2243727 (M.D. Fla. 2010) (finding the State actors exempt from a finding of direct infringement based on sovereign immunity in a suit against a third party for inducing infringement).

²¹⁵ See *Chavez v. Arte Publico Press*, 204 F.3d 601, 607 (5th Cir. 2000).

²¹⁶ See generally *Whipple v. Utah*, 2011 WL 4368568 (D. Utah Aug. 25, 2011) (adopting the *Chavez* court's reasoning in determining that State actors had immunity from copyright infringement suit by private parties); *Campinha-Bacote v. Bleidt*, 2011 WL 679913 (S.D. Tex. Feb. 9, 2011) (following the reasoning from *Chavez* in determining that the State university was entitled to a dismissal of the copyright infringement claims based on sovereign immunity); *Jacobs v. Memphis Convention & Visitors Bureau*, 710 F. Supp. 2d 663 (W.D. Tenn. 2010) (following the *Chavez* Court's holding that the abrogation of State sovereign immunity by the CRCA was invalid); *Wilcox v. Career Step, L.L.C.*, 2010 WL 4968263 (D. Utah Dec. 1, 2010) (following *Chavez* in determining that the CRCA did not abrogate States' sovereign immunity from copyright infringement claims); *Parker v. Dufresne*, 2010 U.S. Dist. LEXIS 64481 (W.D. La. May 18, 2010) (dismissing all copyright infringement claims against University pursuant based on reasoning from *Chavez*); *Romero v. Cal. Dep't of Transp.*, 2009 WL 650629 (C.D. Cal. Mar. 12, 2009) (agreeing with the *Chavez* Court that Congress had found no substantial evidence of copyright infringement by States in holding that the CRCA did not abrogate States' sovereign immunity); *Mktg. Info. Masters, Inc. v. Bd. of Trs. of the Cal. State Univ. Sys.*, 552 F. Supp. 2d 1088 (S.D. Cal. 2008) (agreeing with the *Chavez* Court's application of the analytical framework from *Florida Prepaid* in determining that the CRCA was not a valid exercise of Congress' power); *InfoMath, Inc. v. Univ. of Ark.*, 633 F. Supp. 2d 674 (E.D. Ark. 2007) (following the *Chavez* Court in determining that the CRCA was an improper exercise of congressional legislative powers); *De Romero v. Inst. of Puerto Rican Culture*, 466 F. Supp. 2d 410 (D.P.R. 2006) (finding the CRCA to not be a valid abrogation of sovereign immunity in part because of

following the *Chavez* court's reasoning, several other courts also found in favor of state sovereign immunity in copyright cases.²¹⁷ There have also been *Ex parte Young* actions against the state employees instead of the states.²¹⁸

Courts have addressed multiple trademark infringement suits against states in the twelve years since *Florida Prepaid II*. In 2000, the district court in *McGuire v. Regents of the University of Michigan* found that the state had waived its sovereign immunity in a trademark infringement claim against a state actor.²¹⁹ Also in 2000, the Southern District of New York relied on the *Florida Prepaid* decisions to dismiss counterclaims of trademark invalidity against the Idaho Potato Commission.²²⁰ The court in *Board of Regents of University of Wisconsin System v. Phoenix Software International, Inc.* relied on the "scant record" of trademark infringement by states that Congress might have been trying to correct.²²¹

As stated earlier, it is not simply enough to cite *Florida Prepaid* for the proposition that there is not a pattern of

the lack of evidence of widespread copyright infringement by the States); *Hairston v. N.C. Agric. & Technical State Univ.*, 2005 WL 2136923 (M.D.N.C. 2005) (following the *Chavez* Court in finding the CRCA not to be a valid abrogation of States' sovereign immunity); *Salerno v. City Univ. of N.Y.*, 191 F. Supp. 2d 352 (S.D.N.Y. 2001) (dismissing copyright infringement action against State actors under sovereign immunity).

²¹⁷ See, e.g., *Nat'l Ass'n of Bd. of Pharmacy v. Bd. of Regents of the Univ. Sys. of Ga.*, 633 F.3d 1297, 1315 (11th Cir. 2011) (finding that the NABP could not identify an actual violation of due process that would support Congress' abrogation of States' sovereign immunity in the CRCA); *Rodriguez v. Tex. Comm'n on the Arts*, 199 F.3d 279, 281 (5th Cir. 2000) (adopting the reasoning from *Florida Prepaid* in finding that the CRCA did not validly abrogate States' sovereign immunity through the Fourteenth Amendment); *Williams v. Univ. of Ga. Athletics Dep't*, No. 3:10-CV-81, 2010 WL 5350170, at *2 (M.D. Ga. Nov. 24, 2010) (following the *National Ass'n of Boards of Pharmacy* court decision that copyright infringement claims against state actors are barred by sovereign immunity).

²¹⁸ See *supra* notes 31 & 145.

²¹⁹ *McGuire v. Regents of the Univ. of Mich.*, No. 2:99CV1231, 2000 WL 1459435, at *4-5 (S.D. Ohio Sept. 21, 2000).

²²⁰ *Idaho Potato Comm'n v. M & M Produce Farms & Sales*, 95 F. Supp. 2d 150, 155-56 (S.D.N.Y. 2000).

²²¹ *Bd. of Regents of the Univ. of Wis. Sys. v. Phx. Software Int'l, Inc.*, 565 F. Supp. 2d 1007, 1012 (W.D. Wis. 2008).

infringement. The courts should, and must, look to the present, not the past, and conclude that as of today, there is indeed a pattern of infringement that needs remediation. A use of a copyright, patent, or trademark by the U.S. government without authorization of the license owner is an “eminent domain taking of a license,” in which the sole remedy is monetary damages.²²²

Although the Supreme Court in the *Florida Prepaid* cases denied the Fourteenth Amendment takings claim by claiming that there was not a pattern, by 2012 it is disingenuous to say that there is not. There may have been only eight cases in the 110 years before the *Florida Prepaid* cases, but there have been numerous patent, trademark, and copyright cases in the years following that decision. There might not have been a pattern then, but there is one now. States should be made to pay for infringement of intellectual property.

VI. BANKRUPTCY LAW, INTELLECTUAL PROPERTY, AND SOVEREIGN IMMUNITY

Although some courts have held that bankruptcy law creates privileges and immunities,²²³ which Congress may protect by abrogating state sovereign immunity under section 5 of the Fourteenth Amendment,²²⁴ most courts have previously viewed bankruptcy claims as arising solely under the Article I Bankruptcy Clause,²²⁵ which does not allow Congress to abrogate state immunity.²²⁶ Then the Supreme Court decided *Central Virginia Community College v. Katz*,²²⁷ a 2006 case that may have altered the playing field; but first, a little history.

²²² *Decca Ltd. v. United States*, 640 F.2d 1156, 1166 (Ct. Cl. 1980); *see also*, 28 U.S.C. §§ 1498(a), 1498(b) (2006).

²²³ *See* U.S. CONST., amend. XIV, § 1, cl. 2.

²²⁴ *See* U.S. CONST., amend. XIV, § 5.

²²⁵ U.S. CONST., art. I, § 8, cl. 4.

²²⁶ *See Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 72 & n.16 (1996).

²²⁷ 546 U.S. 356, 377–78 (2006) (concluding that the “States agreed . . . not to assert any sovereign immunity defense they might have had in proceedings brought pursuant to ‘Laws on the subject of Bankruptcies.’” (citing *Blatchford v. Native Village of Noatak*, 501 U.S. 775, 779 (1991))).

In *In the Matter of Estate of Fernandez*,²²⁸ the Fifth Circuit applied state immunity to a land dispute claim filed in bankruptcy court against the state of Louisiana by a judgment creditor of a bankrupt developer.²²⁹ The court held that *Seminole* precluded citizens from suing states under Article I legislation.²³⁰ Further, the court rejected the plaintiff's argument that, unlike the Commerce Clause, the Bankruptcy Clause contains "an affirmative requirement of uniformity" and therefore abrogation should be allowed.²³¹ The court held that uniformity was irrelevant to Congress' power to abrogate state immunity, and that geographic uniformity is maintained by applying sovereign immunity uniformly in bankruptcy proceedings.²³²

The court also rejected arguments that abrogation in bankruptcy law was required to protect due process property interests and that it protected the "privilege" of having a uniform system of bankruptcy.²³³ Finding no evidence that the Act in question was specifically passed to enforce Fourteenth Amendment rights, the court held that abrogating state immunity under some general or vague invocation of section 5 of the Fourteenth Amendment would make Eleventh Amendment immunity meaningless and upset the federal balance of power.²³⁴ In its amended opinion, the court also held that a private successor to the Federal Deposit Insurance Corporation (FDIC) could not

²²⁸ 123 F.3d 241, 242–45, *amended on denial of reh'g*, 130 F.3d 1138 (5th Cir. 1997).

²²⁹ *See id.* at 242–43. The facts of the case, not really relevant to this decision, state that Fernandez bought some land in the name of a general partnership, but that the partnership did not exist at the time of the transaction. *See id.* at 242. Thereafter, the partnership was formed and eventually sold the land to the State of Louisiana. *See id.* at 242–43. When Fernandez declared Chapter 11 bankruptcy, a creditor brought the state into the bankruptcy proceeding, claiming that the partnership had never owned the land, so Louisiana did not legitimately purchase the land and instead it belonged to the now bankrupt Fernandez. *See id.* at 243. The bankruptcy trustee and the judgment creditor both appealed the district court's decision to dismiss the state from suit. *See id.*

²³⁰ *See id.* at 243–44.

²³¹ *Fernandez*, 123 F.3d at 243; *see also* U.S. CONST. art. 1, § 8, cl. 4.

²³² *See Fernandez*, 123 F.3d at 244.

²³³ *See id.* at 245; *see also* U.S. CONST. amend. XIV, § 1.

²³⁴ *See Fernandez*, 123 F.3d at 245.

“avoid the Eleventh Amendment by slipping into the shoes of the United States.”²³⁵

Similarly, the Ninth Circuit, in *In re Light*,²³⁶ dismissed plaintiff’s claim for damages against the California State Bar, an arm of the state.²³⁷ The California Bar allegedly violated the bankruptcy court’s automatic stay by requiring the plaintiff, a Chapter 7 debtor, to pay pre-petition bar dues in order to obtain active status in the Bar.²³⁸ In a non-published decision, the court held that although the relevant bankruptcy statute clearly meant to abrogate states’ sovereign immunity,²³⁹ Congress did not have the power to abrogate immunity through the Bankruptcy Code because *Seminole* limited abrogation to congressional acts passed pursuant to section 5 of the Fourteenth Amendment.²⁴⁰

As in *Fernandez*, arguments that the Bankruptcy Clause uniformity requirement distinguishes bankruptcy from other Article I powers—in the realm of sovereign immunity—have failed in both the Third and Fourth Circuits.²⁴¹ In *In re Creative Goldsmiths of Washington D.C., Inc.*,²⁴² the Fourth Circuit held that the Bankruptcy Clause should not be treated differently from other Article I powers—which do not contain a requirement of “uniform laws”²⁴³—for Eleventh Amendment purposes, relying on Justice Marshall’s dissent in *Hoffman v. Connecticut Department of Income Maintenance*.²⁴⁴ The court held that Congress lacked

²³⁵ See *In re Estate of Fernandez*, 130 F.3d 1138, 1138 (5th Cir. 1997). States’ Eleventh Amendment immunity does not protect them from suits brought by the federal government. See *id.*

²³⁶ 87 F.3d 1320 (9th Cir. 1996), *cert. denied*, *Light v. State Bar of Cal.*, 519 U.S. 1123 (1997).

²³⁷ See *id.* at 1320.

²³⁸ See *id.*; see also 11 U.S.C. § 362 (2006).

²³⁹ The Bankruptcy Code’s abrogation provision may be found at 11 U.S.C. § 106.

²⁴⁰ See *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 59, 66 (1996); *In re Light*, 87 F.3d at 1320.

²⁴¹ See *In re Sacred Heart Hosp. of Norristown*, 133 F.3d 237, 243 (3d Cir. 1998); *In re Creative Goldsmiths of D.C., Inc.*, 119 F.3d 1140, 1145–46 (4th Cir. 1997).

²⁴² 119 F.3d 1140 (4th Cir. 1997).

²⁴³ Cf. U.S. CONST. art. I, § 8, cl. 4.

²⁴⁴ 492 U.S. 96 (1989); see *Creative Goldsmiths*, 119 F.3d at 1145–46 (Marshall, J., dissenting) (“I see no reason to treat Congress’ power under the Bankruptcy Clause any differently [than the Commerce Clause power] . . . for both constitutional provisions give

the power to abrogate state sovereign immunity in conjunction with the Bankruptcy Reform Act of 1994, because the Act was passed pursuant to Article I authority, and there was no evidence that it was authorized under section 5 of the Fourteenth Amendment, or that it “sought to preserve the core values specifically enumerated” in the Fourteenth Amendment.²⁴⁵

Similarly, in *In re Sacred Heart Hospital of Norristown*,²⁴⁶ the Third Circuit rejected arguments that (1) the Bankruptcy Clause should be treated differently than other Article I provisions because of its uniformity requirement, and (2) the bankruptcy statute’s abrogation provision is a valid exercise of Congress’ enforcement power under section 5 of the Fourteenth Amendment.²⁴⁷ Additionally, the *Seminole* holding applied only to the Indian and Interstate Commerce Clauses and not to other Article I powers.²⁴⁸ The court, like the *Fernandez* court, held that the uniformity requirement of the Bankruptcy Clause requires geographic uniformity, and that applying sovereign immunity consistently to all parties in a bankruptcy proceeding would satisfy the uniformity requirement.²⁴⁹

Further, the circuit court held that Congress could not abrogate state immunity through the bankruptcy statute.²⁵⁰ The court could find no evidence to suggest that the abrogation provision was passed pursuant to section 5 of the Fourteenth Amendment.²⁵¹ Moreover, the court rejected the notion that bankruptcy is a privilege or immunity that could be protected through Congress’ Fourteenth Amendment enforcement power, because the Supreme Court previously issued a holding that “there is no constitutional right to a bankruptcy discharge.”²⁵² The court held that, after the

Congress plenary power over national economic activity.”) (quoting *Hoffman v. Conn. Income Maint. Dep’t*, 492 U.S. 96, 111 (1989)).

²⁴⁵ *Creative Goldsmiths*, 119 F.3d at 1147.

²⁴⁶ 133 F.3d 237 (3d Cir. 1998).

²⁴⁷ *See id.* at 243.

²⁴⁸ *See id.*

²⁴⁹ *See id.*; *Fernandez v. PNL Asset Mgmt.*, 123 F.3d 241, 244 (5th Cir. 1997).

²⁵⁰ *In re Sacred Heart Hosp. of Norristown*, 133 F.3d 237, 243 (3d Cir. 1998).

²⁵¹ *Id.* at 244.

²⁵² *Id.* at 244–45 (citing *United States v. Kras*, 409 U.S. 434 (1973)).

Seminole decision, Congress may not abrogate Eleventh Amendment immunity in legislation passed pursuant to Article I powers.²⁵³ Therefore, Congress lacked the power to abrogate state immunity through the bankruptcy statute.²⁵⁴

All of the cases listed above were Courts of Appeals decisions. Less than a decade later, in 2006, these holdings were questioned when the Supreme Court heard *Central Virginia Community College v. Katz*.²⁵⁵ The Court issued a holding that was different from the post-*Seminole* lower court cases, and brought about new questions relating to the application of state sovereign immunity. The Court held that in ratifying the Constitution, States waived sovereign immunity as a defense to bankruptcy suits.²⁵⁶ The Court stated, “[i]n ratifying the Bankruptcy Clause, the States acquiesced in a subordination of whatever sovereign immunity they might otherwise have asserted in proceedings.”²⁵⁷

Relying on original intent and the legislative history of the Bankruptcy Clause, the Court reasoned that the Framers’ concerns over a uniform bankruptcy system, which gave rise to the Bankruptcy Clause in Article I, section 8, superseded state sovereign immunity in that area.²⁵⁸ The *Katz* Court did not validate the abrogation of state sovereign immunity under the Article I Bankruptcy Clause, relying instead on historical waiver pertaining only to bankruptcy. The impact on intellectual property is therefore unclear. But it is the first case in which there is a limitation on the supremacy of sovereign immunity over Congress’ Article I, section 8 powers. However, in the case, the Court issued

²⁵³ *Id.* at 243; *see also* *Seminole Tribe of Fla. v. Florida*, 517 U.S. 44, 72–73 (1996).

²⁵⁴ *See Sacred Heart*, 133 F.3d at 245.

²⁵⁵ 546 U.S. 356 (2006).

²⁵⁶ *Id.* at 377.

²⁵⁷ *Id.* at 378.

²⁵⁸ *See id.* at 377 (quoting U.S. CONST. art. I, § 8, cl. 4) (“The ineluctable conclusion then, is that States agreed in the plan of the Convention not to assert any sovereign immunity defense they might have had in proceedings brought pursuant to ‘Laws on the subject of Bankruptcies.’”).

a holding limited to bankruptcy cases;²⁵⁹ it did not address intellectual property.²⁶⁰

Despite the fact that the *Katz* case did not directly involve intellectual property, it may have had an influence on it. If a state has waived sovereign immunity by agreeing to a uniform code of bankruptcy that was federal in nature, so, too, a state should have waived state sovereign immunity with respect to copyrights and patents. The United States Code provides in pertinent part, “[t]he district 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.”²⁶¹ Exclusive means exclusive, unless of course courts ignore the literal language of the statute as they have done with the Eleventh Amendment ever since they decided *Hans*.

VII. LEGISLATIVE ACTION TO GET AROUND SOVEREIGN IMMUNITY

In the years after the *Florida Prepaid* cases, there were attempts by Congress to rectify the situation. Representatives Lamar Smith and Howard Coble and Senator Patrick Leahy each

²⁵⁹ See generally James F. Caputo, *Copy-Katz: Sovereign Immunity, The Intellectual Property Clause, and Central Virginia Community College v. Katz*, 95 GEO. L.J. 1911 (2007).

²⁶⁰ It is interesting to note that the swing vote was Justice O’Connor, who had voted to uphold sovereign immunity in *Seminole*, *Florida Prepaid I*, and *Florida Prepaid II*; Chief Justice Roberts took the same position that his predecessor Chief Justice Rehnquist took in those cases. *See id.*

²⁶¹ 28 U.S.C. § 1338(a) (2006) (emphasis added). This idea that states are included as defendants is not a new idea. In *Lemelson v. Ampex Corp.*, the court said, “[t]he entire structure of the patent laws is meant to provide a national, uniform system to provide the most meaningful protection for the inventor. Also, in granting to Congress the right to create exclusive patents, the states largely surrendered their sovereignty over patents.” 372 F. Supp. 708, 711 (N.D. Ill. 1974); see also *Mills Music, Inc. v. Arizona*, 591 F.2d 1278, 1285 (9th Cir. 1979) (“[W]e believe it is clear that the abrogation of a state’s Eleventh Amendment immunity is inherent in the Copyright and Patent Clause and the Copyright Act.”).

introduced the Intellectual Property Protection Restoration Act (“IPpra”) in their respective chambers.²⁶²

The legislation would have prevented a state from recovering for copyright, patent, and trademark infringements unless the state had previously waived its Eleventh Amendment immunity and consented to suit under federal intellectual property law.²⁶³ There were other provisions that would have enabled a person to sue a state official in his or her individual capacity for violations of federal intellectual property law.²⁶⁴ Further, IPpra included a provision that seemed to address the Fourteenth Amendment concern.²⁶⁵ The legislation never made it out of committee; to date, it has not been reintroduced.

Congress should play hardball with the states. Instead of relying on the states to waive their sovereign immunity in advance, Congress should flex its muscle through its spending power. It should condition the waiver of state sovereign immunity on the receipt of all educational funds. There certainly is a sufficient nexus between educational funds at all levels and patents and copyrights.

The Constitution empowers Congress to “lay and collect Taxes, Duties, Imposts, and Excises, to pay the Debts and provide for the common Defence and general Welfare of the United States.”²⁶⁶ Congress has the power to “attach conditions on the receipt of federal funds, and has repeatedly employed the power ‘to further broad policy objectives by conditioning receipt of federal moneys upon compliance by the recipient with federal statutory and administrative directives.’”²⁶⁷ However, the

²⁶² The legislation was introduced in four different years. S. 1191, 108th Cong. (2003); H.R. 2344, 108th Cong. (2003); S. 2031, 107th Cong. (2002); S. 1611, 107th Cong. (2001); H.R. 3204, 107th Cong. (2001) S. 1835, 106th Cong. (1999).

²⁶³ See H.R. 2344, 108th Cong. § 3 (2003).

²⁶⁴ See *id.* § 4.

²⁶⁵ See *id.* § 5.

²⁶⁶ U.S. CONST. art. I, § 8, cl. 1.

²⁶⁷ *South Dakota v. Dole*, 483 U.S. 203, 206 (1987) (quoting *Fullilove v. Klutznick*, 448 U.S. 448, 474 (1980)).

spending power is limited; it must be exercised pursuant to the general welfare.²⁶⁸

In *South Dakota v. Dole*, the receipt of federal highway funds was conditioned upon the State adopting a drinking age of twenty-one.²⁶⁹ South Dakota sued the Secretary of the Department of Transportation, claiming that the withholding of funds until it acquiesced was a violation of the constitutional limitation on the spending power.²⁷⁰ Both the District Court and the Court of Appeals dismissed the complaint.²⁷¹ The Supreme Court held that the condition was a valid use of the spending power, noting:

[A] Presidential commission appointed to study alcohol-related accidents and fatalities on the Nation's highways concluded that the lack of uniformity in the States' drinking ages created "an incentive to drink and drive" because "young persons commut[e] to border States where the drinking age is lower." By enacting § 158, Congress conditioned the receipt of federal funds in a way reasonably calculated to address this particular impediment to a purpose for which the funds are expended.²⁷²

So, too, the spending power can be used in this case. All levels of education—elementary, middle, secondary, college, graduate, and post-graduate—are even more related to copyrights and patents than the 21-year old drinking age was to highway funds. After all, the Constitution provides, "[t]o promote the Progress of Science and useful Arts."²⁷³ While states might not like it, I am certain that such an argument would be upheld if proffered.²⁷⁴

²⁶⁸ *Id.* at 207 (citing *Helvering v. Davis*, 301 U.S. 619, 640–41 (1937)).

²⁶⁹ *See id.* at 205.

²⁷⁰ *Id.*

²⁷¹ *South Dakota v. Dole*, 791 F.2d 628 (8th Cir. 1986), *aff'd*, 483 U.S. 203 (1987).

²⁷² *South Dakota v. Dole*, 483 U.S. at 209 (quoting PRESIDENTIAL COMM'N ON DRUNK DRIVING, FINAL REPORT 11 (1983)).

²⁷³ U.S. CONST. art. I, § 8, cl. 8.

²⁷⁴ Other commentators have suggested that conditioning waiver of sovereign immunity under Congress' Spending Clause powers may be a good option. *See Jennifer Cotner, How the Spending Clause Can Solve the Dilemma of State Sovereign Immunity from*

In any event, Congress should specify the violations and expressly use the Fourteenth Amendment in drafting a new provision of the statute. I propose the following addition to 28 U.S.C. § 1338:

(d) To stop the flagrant violations of the federal patent, copyright, and trademark laws,²⁷⁵ and to prevent the taking of a license in patent, copyright,

Intellectual Property Suits, 51 DUKE L.J. 713, 723–41 (describing ways in which Congress can force states to waive their sovereign immunity through the exercise of its spending power); Matthew Paik, *Sovereign Immunity and Patent Infringement Ten Years After Florida Prepaid*, 60 HASTINGS L.J. 901, 919–20 (2009). In suggesting ways around sovereign immunity, Paik notes that “because there have been more patent infringement cases involving states since the *Florida Prepaid* cases, it will be easier for Congress to make its findings that this is a problem deserving of a remedy.” *Id.* at 923–24.

²⁷⁵ Congress could put the following cases in the legislative history, include them within the statute itself, or both. While it is a stretch to put the cases in the statute itself, the Court needs to know that there is a pattern of infringement that needs fixing fast. The cases are illustrated by the following: Nat’l Ass’n of Bds. of Pharmacy v. Bd. of Regents of the Univ. Sys. of Ga., 633 F.3d 1297 (11th Cir. 2011); A123 Sys. v. Hydro-Quebec, 626 F.3d 1213 (Fed. Cir. 2010); Baum Research & Dev. Co. v. University of Mass., 503 F.3d 1367 (Fed. Cir. 2007); Biomedical Patent Mgmt. Corp. v. Cal. Dep’t of Health Servs., 505 F.3d 1328 (Fed. Cir. 2007); Vas-Cath, Inc., v. Curators of the Univ. of Mo., 473 F.3d 1376 (Fed. Cir. 2007); Tegic Commc’ns Corp. v. Bd. of Regents of the Univ. of Tex. Sys., 458 F.3d 1335 (Fed. Cir. 2006); Pennington Seed, Inc. v. Produce Exch. No. 299, 457 F.3d 1334 (Fed. Cir. 2006); Rodriguez v. Tex. Comm’n on the Arts, 199 F.3d 279 (5th Cir. 2000); Campinha-Bacote v. Bleidt, No. H-10-3481, 2011 U.S. Dist. LEXIS 12604 (S.D. Tex. Feb. 9, 2011); Whipple v. Utah, No. 2:10-CV-811-DAK, 2011 U.S. Dist. LEXIS 109630 (D. Utah Aug. 24, 2011); Cambridge Univ. Press v. Becker, No. 1:08-CV-1425-ODE, 2010 U.S. Dist. LEXIS 142236 (N.D. Ga. Sept. 21, 2010); Jacobs v. Memphis Convention & Visitors Bureau, 710 F. Supp. 2d 663 (W.D. Tenn. 2010); Parker v. Dufresne, No. 09-cv-1859, U.S. Dist. LEXIS 64481 (W.D. La. May 18, 2010); Voter Verified, Inc. v. Election Sys., No. 6:09-cv-1969-Orl-19KRS, 2010 U.S. Dist. LEXIS 26509 (M.D. Fla. Mar. 22, 2010); Wilcox v. Career Step, No. 2:08-CV-998 CW, 2010 U.S. Dist. LEXIS 14457 (D. Utah Feb. 19, 2010); Williams v. Univ. of Ga. Athletic Dep’t, No. 3:10-CV-81 CDL-MSH, 2010 U.S. Dist. LEXIS 134214 (M.D. Ga. Nov. 24, 2010); Romero v. Cal. Dep’t of Transp., No. CV 08-8047 PSG (C.D. Cal. Mar. 12, 2009); Mktg. Info. Masters, Inc. v. Bd. of Trs. of the Cal. State Univ. Sys., 552 F. Supp. 2d 1088 (S.D. Cal. 2008); InfoMath, Inc. v. Univ. of Ark., 633 F. Supp. 2d 674 (E.D. Ark. 2007); De Romero v. Inst. of Puerto Rican Culture, 466 F. Supp. 2d 410 (D.P.R. 2006); Hairston v. N.C. Agric. & Tech. State Univ., No. 1:04CV1203, U.S. Dist. LEXIS 20442 (M.D.N.C. Aug. 5, 2005); Competitive Techs., Inc. v. Fujitsu Ltd., 333 F. Supp. 2d 858 (N.D. Cal. 2004); Salerno v. City Univ. of N.Y., 191 F. Supp. 2d 352 (S.D.N.Y. 2001); McGuire v. Regents of the Univ. of Mich., No. 2:99-CV-1231, U.S. Dist. LEXIS 21615 (S.D. Ohio Sept. 21, 2000).

and trademark without paying just compensation, the jurisdiction of the federal court shall include States, state instrumentalities, state employees, and persons acting under color of state law as defendants the same as individuals, partnerships, companies, or corporations. Neither the Eleventh Amendment nor any other doctrine of sovereign immunity shall act as a bar to such action.²⁷⁶

CONCLUSION

For the vast majority of United States history, the Eleventh Amendment proved to not be a bar to patent and copyright suits in federal court. In *Seminole*, the Supreme Court held that Congress had no power to abrogate state sovereign immunity under Article I of the Constitution, negating the action that Congress took in 1990 and 1992 to make it clear that states should be defendants in sovereign patent and copyright infringement actions. In the *Florida Prepaid* cases, the Supreme Court stated that even though patents are property, there was no constitutional taking under the Fourteenth Amendment because the Federal Circuit could only identify eight cases in 110 years before the *Florida Prepaid* cases, and the report that accompanied the legislation did not discuss state remedies. Therefore, the legislation was not proportional to harm that it attempted to prevent. However, as this paper has shown, there is now an ample supply of dismissed lawsuits against states,

²⁷⁶ With the massive changes to the Patent Act promulgated by the America Invents Act (H.R. 1249), and signed into law by President Obama on September 16, 2011, it should be noted that § 296, the section that related to sovereign immunity and states, was retained unchanged. This could be construed as Congress' intent to still hold states liable for infringement. Section 296 provides:

(a) In general.--Any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State, acting in his official capacity, shall not be immune, under the eleventh amendment of the Constitution of the United States or under any other doctrine of sovereign immunity, from suit in Federal court by any person, including any governmental or nongovernmental entity, for infringement of a patent under section 271, or for any other violation under this title.

35 U.S.C. § 296 (West 2012).

and there is a lack of available state remedies sufficient to make it a “taking” under the Fourteenth Amendment.

The *Katz* case, which holds that the states waived sovereign immunity when they agreed to a uniform system of bankruptcy, was decided in the interim. The composition of the Supreme Court has also changed over the years since *Seminole* and the *Florida Prepaid* cases. Chief Justice Roberts has replaced Chief Justice Rehnquist, and Justices Alito, Sotomayor, and Kagan have replaced Justices O’Connor, Stevens, and Souter. The new Justices just might provide the new insight to overrule the blip on the screen of sovereign immunity and intellectual property cases.

Let us be hopeful that the lower courts will recognize the current pattern of uncompensated infringement, and send another case to the Supreme Court to end the immunity of states for infringement of intellectual property.