

1999

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### Recommended Citation

Christina Bohannon and Thomas F. Cotter, *When the State Steals Ideas: Is the Abrogation of State Sovereign Immunity from Federal Infringement Claims Constitutional in Light of Seminole Tribe?*, 67 Fordham L. Rev. 1435 (1999).

Available at: <https://ir.lawnet.fordham.edu/flr/vol67/iss4/6>

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## When the State Steals Ideas: Is the Abrogation of State Sovereign Immunity from Federal Infringement Claims Constitutional in Light of Seminole Tribe?

### Cover Page Footnote

Clerk, Hon. Edward E. Carnes, United States Court of Appeals for the Eleventh Circuit, 1998-99 Term. \* Associate Professor of Law, University of Florida College of Law. We wish to thank Paul J. Heald, Paul S. Horwitz, Roberta Rosenthal Kwall, Amy R. Mashburn, James C. Nicholas, Richard H. Stern, Mary P. Twitchell, and H.S. Udaykumar for their comments and criticism, and Kenneth Eckstein for his research assistance. Any errors that remain are ours.

## ARTICLES

# WHEN THE STATE STEALS IDEAS: IS THE ABROGATION OF STATE SOVEREIGN IMMUNITY FROM FEDERAL INFRINGEMENT CLAIMS CONSTITUTIONAL IN LIGHT OF *SEMINOLE TRIBE*?

Christina Bohannon\*  
& Thomas F. Cotter\*\*

### INTRODUCTION

HISTORY is replete with legendary accounts of the ruler who, in an effort to preclude a master builder from ever equaling or surpassing some glorious feat commissioned by the sovereign, employs a rather crude substitute for the modern covenant not to compete.<sup>1</sup> One of the more popular stories, for example, is that upon completion of St. Basil's Cathedral in Moscow, Czar Ivan IV (the Terrible) ordered the blinding of the architect who designed that work.<sup>2</sup> In a similar vein, the seventeenth-century Mogul Emperor Shah Jahan, who commissioned the Taj Mahal as a memorial to his wife, is reputed to have ordered either the murder or the blinding of his architect, as well as the mutilation of some of the other artisans who participated in the construction.<sup>3</sup> And it is written that the city fathers of medieval Strasbourg, fearing that the artist who had designed an earlier version of the town cathedral's astonishing astronomical clock might create a

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1. A covenant not to compete with one's former employer "may be justified as a reasonable attempt to protect confidential information, provided that the duration and geographic scope of the covenant are appropriately related to the promisee's legitimate interests." Restatement (Third) of Unfair Competition § 41 cmt. d (1995).

2. See, e.g., Henri Troyat, *Ivan the Terrible* 75 n.\* (Joan Pinkham trans., E.P. Dutton, Inc. 1984) (1982) (recounting the legend). But see Robert Payne & Nikita Romanoff, *Ivan the Terrible* 176 (1975) (asserting that story "is certainly untrue").

3. See David Carroll, *The Taj Mahal* 56 (1972) (recounting the legend that the architect was killed and other workers were blinded or mutilated, but noting that "[i]n reality we know almost nothing about the architect who designed the Taj Mahal and little of the men who raised it"); Brian Jackman, *Love and Romance in a Tiger's Tracks*, *Daily Mail*, July 9, 1994, at 60 (claiming that the architect was blinded).

similar clock elsewhere, had him blinded too.<sup>4</sup> The designer took his revenge, however, when, having been granted permission to examine the clock one last time before the execution of sentence, he made sure to gum up the clockworks in such a way that neither he, after being blinded, nor anyone else could ever get the chimes to work properly again.<sup>5</sup>

However questionable their judgments otherwise might be from time to time, by and large the rulers of modern states no longer employ measures as extreme as these (assuming that they ever really did) in their relationships with artists, inventors, and other creative people.<sup>6</sup> In the United States in particular, about the worst thing any governing body ever does to an artist or inventor—aside from subjecting her to the occasional brush with censorship<sup>7</sup>—is to refuse to pay for the use of her creations. And while this practice may seem relatively benign in comparison with, say, the alleged activities of an Ivan IV or a Shah Jahan, by the early 1990s the risk of nonpayment was viewed as enough of a threat to the well-being of artists and inventors that Congress was moved to enact legislation—which we shall refer to hereafter as the Remedy Clarification Acts—rendering state governments amenable to suit in federal court for violations of the Patent, Copyright, and Lanham Acts (the latter being a federal statute that regulates trademarks).<sup>8</sup> Although the federal government had waived its own immunity from some suits of this nature years before,<sup>9</sup> by the late 1980s it was becoming apparent that no similar waiver existed with respect to the states<sup>10</sup> and that this omission could make it very diffi-

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4. See Wilhelm Ruland, *Legends of the Rhine* 57-59 (Andrew Mitchell & H.J. Findlay trans. 1906). We thank Professor Francis McCoy for bringing this story to our attention.

5. See *id.* at 59.

6. Well, at least some of them don't. There's this fellow Salman Rushdie, for example . . . .

7. That threat, however, should not be understated. See, e.g., *Alabama Grand Jury Indicts Barnes & Noble*, N.Y. Times, Feb. 19, 1998, at A10 (discussing recent indictments of a bookseller in Alabama and Tennessee for selling works by photographers Jock Sturges and David Hamilton). Another occasional problem is the modification or destruction of works of public art, which may give rise to a violation of the artist's "moral rights." See *Martin v. City of Indianapolis*, 982 F. Supp. 625, 638 (S.D. Ind. 1997) (granting summary judgment in favor of an artist on his claim that the city violated his moral right of integrity by destroying his sculpture); see also *infra* notes 54-58 and accompanying text (discussing moral rights).

8. See Patent and Plant Variety Protection Remedy Clarification Act, Pub. L. No. 102-560, 106 Stat. 4230 (1992) (codified at 7 U.S.C. §§ 2541(a)-(b), 2570 (1994) and 35 U.S.C. §§ 271(h), 296 (1994)); Trademark Remedy Clarification Act, Pub. L. No. 102-542, 106 Stat. 3567 (1992) (codified at 15 U.S.C. §§ 1114(1), 1122, 1125(a), 1127 (1994)); Copyright Remedy Clarification Act, Pub. L. No. 101-553, 104 Stat. 2749 (1990) (codified at 17 U.S.C. §§ 501(a), 511, 901(a), 911(g) (1994)).

9. See 28 U.S.C. § 1498(a)-(b) (1994) (authorizing awards of "reasonable and entire compensation" for uses by federal government of patents and copyrights).

10. See, e.g., S. Rep. No. 102-280, at 5-6 (1992) (discussing patent and trademark cases in which states were found to be immune), reprinted in 1992 U.S.C.C.A.N. 3087,

cult for owners to control the use of their intellectual property by university and other state employees.<sup>11</sup>

In attempting to abrogate the states' immunity from infringement suits, however, Congress had to wind its way carefully through the various obstacles thrown up by modern Eleventh Amendment law. Although the Eleventh Amendment to the United States Constitution asserts simply that "[t]he Judicial power of the United States shall not be construed to extend to any suit . . . commenced or prosecuted against one of the United States by Citizens of another State,"<sup>12</sup> over the years the United States Supreme Court, in a series of decisions bordering on the whimsical, has interpreted the amendment as prohibiting most claims against the states in federal court, regardless of the plaintiff's citizenship.<sup>13</sup> In *Fitzpatrick v. Bitzer*,<sup>14</sup> however, the Court held that Congress could abrogate sovereign immunity pursuant to section 5 of the Fourteenth Amendment when enacting legislation to enforce section 1 of that amendment against the states,<sup>15</sup> and in the 1989 case of *Pennsylvania v. Union Gas Co.*,<sup>16</sup> five justices agreed that this abrogation authority extended to at least some legislation enacted pursuant to the Article I power to regulate interstate commerce.<sup>17</sup> Congress took the hint and specifically stated, in the House and Senate Reports accompanying the Remedy Clarification Acts, that it was abrogating state immunity pursuant to its powers under Article I and (with respect to the Patent and Trademark Remedy Clarification Acts only) under the Fourteenth Amendment.<sup>18</sup>

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3091-92; H. Rep. No. 101-282(I), at 2 & n.6 (1990) (collecting copyright cases), reprinted in 1990 U.S.C.C.A.N. 3949, 3950.

11. See S. Rep. No. 102-280, at 8-9 (arguing that state universities would have an advantage over private universities if the former were immune from patent infringement suits), reprinted in 1992 U.S.C.C.A.N. 3087, 3094-95; H. Rep. No. 101-282(I), at 8-9 (noting the potential for abuses on the part of state entities with respect to products such as books and software), reprinted in 1990 U.S.C.C.A.N. 3949, 3956-57.

12. U.S. Const. amend. XI.

13. See *infra* notes 90-139 and accompanying text.

14. 427 U.S. 445 (1976).

15. See *id.* at 456. In relevant part, section 1 of the Fourteenth Amendment states that no state shall "deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws." U.S. Const. amend. XIV, § 1. Section 5 states that "Congress shall have power to enforce, by appropriate legislation, the provisions of this article." *Id.* § 5.

16. 491 U.S. 1 (1989), overruled by *Seminole Tribe v. Florida*, 517 U.S. 44 (1996).

17. Writing for himself and three other justices, Justice Brennan concluded that "to the extent that the States gave Congress the authority to regulate commerce, they also relinquished their immunity where Congress found it necessary, in exercising this authority, to render them liable." *Id.* at 19-20. Concurring in the judgment, Justice White wrote that, while he agreed with Justice Brennan's conclusion "that Congress has the authority under Article I to abrogate the Eleventh Amendment immunity of the States," he did "not agree with much of [Brennan's] reasoning." *Id.* at 57 (White, J., concurring).

18. See S. Rep. No. 102-280, at 7-8 (1992) (stating that the patent amendments were "justified under the Patent Clause, the Commerce Clause and the enforcement provision of the Fourteenth Amendment," and that trademark amendments were

Congress's plan appeared to be working, more or less,<sup>19</sup> until 1996, when the Supreme Court in *Seminole Tribe v. Florida*<sup>20</sup> overruled *Union Gas*, holding that Congress does *not* have the power to abrogate state sovereign immunity when enacting legislation pursuant to Article I.<sup>21</sup> Because Article I provides the more obvious basis for enacting the Remedy Clarification Acts (inasmuch as it contains both the Patent and Copyright Clause<sup>22</sup> and the Commerce Clause,<sup>23</sup> the latter of which serves as the source of the Lanham Act),<sup>24</sup> the *Seminole Tribe* decision renders the Remedy Clarification Acts constitutionally suspect. The question therefore arises whether these or similar acts could be sustained on the basis of Congress's remaining power to abrogate immunity pursuant to section 5 of the Fourteenth Amendment.

In this Article, we consider two possible theories under which the Remedy Clarification Acts might be sustained as an exercise of Congress's power under section 5. The first is based upon the argument that, when a state infringes intellectual property, it effects a taking for a public purpose for which just compensation is due under the Fifth Amendment, as made applicable against the states under section 1 of the Fourteenth Amendment.<sup>25</sup> The second is based upon the argument that, when the state infringes intellectual property, it deprives the owner of property without due process of law.<sup>26</sup> If either theory is

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"justified under the Commerce Clause and the Fourteenth Amendment"), *reprinted in* 1992 U.S.C.C.A.N. 3087, 3093-94; H.R. Rep. No. 101-282(I), at 7 (1990) (explicitly stating that Congress intended to effect abrogation of immunity from copyright liability pursuant to the Copyright Clause, and noting that Congress's power to abrogate under the Fourteenth Amendment had been "repeatedly upheld"), *reprinted in* 1990 U.S.C.C.A.N. 3949, 3955.

19. *See* Genentech, Inc. v. Eli Lilly & Co., 998 F.2d 931, 939-49 (Fed. Cir. 1993) (holding that a state university was not immune from suit in federal court, where plaintiff sought a declaration that university's patent was invalid and had been obtained through fraud); *Unix Sys. Labs., Inc. v. Berkeley Software Design, Inc.*, 832 F. Supp. 790, 802 (D.N.J. 1993) (holding that a state university was not immune from suit in federal court, with respect to alleged acts of trademark and copyright infringement occurring after effective date of Remedy Clarification Acts); *cf. Chavez v. Arte Publico Press*, 59 F.3d 539, 546 (5th Cir. 1995) (upholding Congress's power to waive sovereign immunity under Copyright and Trademark Clarification Acts, but only with respect to cases in which states "opt to conduct business for profit in areas where Congress conditions participation upon waiver of immunity"), *vacated sub nom. University of Houston v. Chavez*, 517 U.S. 1184 (1996).

20. 517 U.S. 44 (1996).

21. *See id.* at 66.

22. *See* U.S. Const. art. I, § 8, cl. 8 (stating that Congress shall have power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries").

23. *See id.* art. I, § 8, cl. 3 (stating that Congress shall have power "[t]o regulate Commerce . . . among the several States").

24. *See* S. Rep. No. 1333, at 4 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1277.

25. *See infra* Part II.

26. *See infra* Part III.

correct, then Congress's decision to render the states amenable to suit in federal court for violations of the federal intellectual property laws can be viewed as an effort to enforce section 1 of the Fourteenth Amendment.<sup>27</sup> In part I, we provide some further background information on intellectual property law in general, the Eleventh Amend-

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27. Thus far, these theories have been tested in three reported cases. In *Chavez v. Arte Publico Press*, 157 F.3d 282 (5th Cir. 1998), the plaintiff claimed that the defendant, a public university, had violated the Copyright Act by publishing her book without her consent, and also that the defendant had violated the Lanham Act by asserting, without her permission, that she had selected plays for another book published by the university. *See id.* at 284-85. The court held that the Eleventh Amendment barred the suit in federal court. *See id.* at 291. The court reasoned first that *Seminole Tribe* essentially overruled the Eleventh Amendment constructive consent doctrine, discussed *infra* at notes 119-28 and accompanying text. *See Chavez*, 157 F.3d at 285-87. Second, the court determined that the alleged acts did not implicate the Fourteenth Amendment. *See id.* at 287-91. Judge Wisdom dissented, concluding that Congress had validly abrogated the states' immunity pursuant to section 5 of the Fourteenth Amendment. *See id.* at 296-98.

In *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board*, 948 F. Supp. 400 (D.N.J. 1996), *aff'd*, 131 F.3d 353 (3d Cir. 1997), *cert. granted*, 67 U.S.L.W. 3127 (U.S. Jan. 8, 1999) (No. 98-149), and *aff'd*, 148 F.3d 1343 (Fed. Cir. 1998), *cert. granted*, 67 U.S.L.W. 3279 (U.S. Jan. 8, 1999) (No. 98-531), the plaintiff filed two complaints, one alleging that a state body charged with administering a tuition prepayment program had infringed the plaintiff's patented investment method, and the other alleging that the state body had violated section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (1994), by making material misrepresentations in connection with its program. *See id.* at 401-02. The court denied a motion to dismiss the patent claim, concluding that Congress had properly abrogated immunity from patent claims pursuant to its power, under the Fourteenth Amendment, to render states "amenable to suit in federal court for allegedly depriving patentees of their patent property without compensation and without due process of law." *Id.* at 425-26. The court granted a motion to dismiss the Lanham Act claim, however, reasoning that Congress could not abrogate immunity from false advertising claims because the right to be free from false advertising is not a property interest. *See id.* at 426-28. The plaintiff appealed the dismissal of the false advertising claim to the United States Court of Appeals for the Third Circuit. *See College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 131 F.3d 353, 356 & n.2 (3d Cir. 1997), *cert. granted*, 67 U.S.L.W. 3127 (U.S. Jan. 8, 1999) (No. 98-149). The Third Circuit affirmed, but noted that it was not addressing the issue of whether the Trademark Clarification Act would be constitutional as applied to claims for trademark infringement. *See id.* at 361-62. The defendant appealed the denial of its motion to dismiss the patent claim to the Federal Circuit; that court also affirmed. *See College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 148 F.3d 1343, 1355 (Fed. Cir. 1998), *cert. granted*, 67 U.S.L.W. 3259 (U.S. Jan. 8, 1999) (No. 98-531).

Finally, in *Genentech, Inc. v. Regents of the University of California*, 939 F. Supp. 639 (S.D. Ind. 1996), the court held that an action for a declaratory judgment of patent invalidity could not be sustained on the basis of the due process theory, because the plaintiff did not have a property right that had been deprived without due process; the court suggested, however, that if the plaintiff were the patentee and were suing for infringement, "the Fourteenth Amendment would provide Congress with the power necessary to abrogate UC's immunity." *Id.* at 643-44. The Federal Circuit recently reversed this holding, however, on the ground that UC had impliedly waived its immunity from suit in federal court "by its charge of patent infringement [against Genentech] and threat of federally imposed and enforced remedial action." *Genentech, Inc. v. Regents of the Univ. of Cal.*, 143 F.3d 1446, 1453 (Fed. Cir. 1998), *petition for cert. filed*, 67 U.S.L.W. 3337 (U.S. Nov. 3, 1998) (No. 98-731).

ment, and the Remedy Clarification Acts. In part II, we consider the takings argument and in part III the due process argument. We conclude that, notwithstanding its superficial appeal, the takings theory is defective in several material respects; and that, while the due process argument fares somewhat better, it too fails to provide a rationale for subjecting the states to comprehensive liability in the manner contemplated by the Remedy Clarification Acts. As a consequence, we believe that, under existing law, the acts are unconstitutional; and, as discussed in part IV, that there is little more that can be done to compel the states to submit to the jurisdiction of the federal district courts with respect to claims falling outside that range.

## I. BACKGROUND

In this part, we provide the background information necessary for evaluating whether the Remedy Clarification Acts can be justified as an exercise of Congress's power to abrogate sovereign immunity under the Fourteenth Amendment. In the first section, we briefly explain the nature of the rights these acts attempt to shield from state encroachment. We then provide a brief summary of Eleventh Amendment jurisprudence and the Remedy Clarification Acts.

### A. *Intellectual Property*

In this section, we discuss the rights afforded intellectual property under federal law. We begin with a summary of rights in inventions under federal patent law. We then examine rights in works of authorship under the Copyright Act and conclude with a brief discussion of the law of trademarks, false advertising, and product disparagement.

#### 1. Patents

The law of patents<sup>28</sup> affords the patentee a right to exclude others from making, using, or selling her invention in the United States<sup>29</sup> for a term ending twenty years from the date on which the patent application was filed.<sup>30</sup> To qualify for a patent, an invention must be novel,<sup>31</sup>

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A district court in Texas also recently held, in light of *Seminole Tribe*, that Article I does not authorize Congress to abrogate sovereign immunity from copyright claims. See *Rodriguez v. Texas Comm'n on the Arts*, 992 F. Supp. 876, 881 (N.D. Tex. 1998). The case does not address the issue, however, of whether Congress may abrogate immunity from these claims when enacting legislation pursuant to section 5 of the Fourteenth Amendment.

28. Although the text above focuses upon utility patents, many of the same principles also apply to plant and design patents. See 7 U.S.C. §§ 2321-2583 (1994) (Plant Variety Protection Act); 35 U.S.C. §§ 161-64 (1994) (Plant Patent Act); *id.* §§ 171-73 (design patents). The Patent and Plant Variety Protection Remedy Clarification Act purports to abrogate immunity from claims arising from the use of any of these patents. See 7 U.S.C. § 2541; 35 U.S.C. § 296(a).

29. See 35 U.S.C. § 154(a)(1) (1994); 35 U.S.C.A. § 271(a) (West Supp. 1998).

30. See 35 U.S.C. § 154(a)(2); 35 U.S.C.A. § 271(a).



useful,<sup>32</sup> and non-obvious,<sup>33</sup> and the application must disclose certain specified information.<sup>34</sup> The federal district courts enjoy exclusive subject matter jurisdiction over claims for patent infringement<sup>35</sup> and may enjoin the unauthorized manufacture, use, or sale of the patented invention.<sup>36</sup> They also may award “damages adequate to compensate for the infringement,”<sup>37</sup> including an award of lost profits attributable to the infringement or lost royalties.<sup>38</sup> Finally, the court has the authority to “increase the damages up to three times the amount found or assessed”<sup>39</sup> and (in “exceptional cases” only) to award attorney’s fees to the prevailing party.<sup>40</sup> In general, however, a court will award enhanced damages and fees only in cases of willful infringement or bad faith litigation.<sup>41</sup>

## 2. Copyright

A second form of intellectual property protection, copyright, inheres in “works of authorship”—things such as literary works, musical compositions, and motion pictures<sup>42</sup>—that are “original”<sup>43</sup> and

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31. In general, the novelty requirement is satisfied if the patent applicant was the first to invent the claimed invention. See 35 U.S.C. § 102 (setting forth conditions under which an invention is considered novel); see also Roger D. Blair & Thomas F. Cotter, *An Economic Analysis of Damages Rules in Intellectual Property Law*, 39 Wm. & Mary L. Rev. 1585, 1593-94 & n.32 (1998) (discussing novelty).

32. The utility condition requires only that the invention work and that it serve some minimal human need. See Blair & Cotter, *supra* note 31, at 1594 & n.33.

33. A claimed invention is obvious if the differences between it and the prior art are such that the claimed invention would have been “obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.” 35 U.S.C.A. § 103(a).

34. See 35 U.S.C. § 112 (requiring a patentee to describe the invention in terms sufficient to enable others skilled in the relevant art to practice the invention; to disclose the inventor’s “best mode,” if any, of carrying out invention; and to conclude the application by “distinctly claiming the subject matter which the applicant regards as his invention”); see also 37 C.F.R. § 1.56 (1997) (requiring an applicant to disclose information known to the applicant to be material to patentability).

35. See 28 U.S.C. § 1338 (1994).

36. See 35 U.S.C. § 283.

37. *Id.* § 284.

38. See 7 Donald S. Chisum, *Chisum on Patents* § 20.01, at 20-7 to -8; *id.* § 20.03, at 20-77 (1998).

39. 35 U.S.C. § 284.

40. *Id.* § 285.

41. See 7 Chisum, *supra* note 38, § 20.03[4], at 20-300.

42. The term “literary work” includes computer programs. See 17 U.S.C. § 101 (1994) (defining “literary work”). Among the other works of authorship that are subject to copyright protection are dramatic, choreographic, and architectural works; pictorial, graphic, and sculptural works; and sound recordings. See *id.* § 101 (defining these terms); *id.* § 102 (listing works of authorship in which copyright may subsist). The Semiconductor Chip Protection Act of 1984, *id.* §§ 901-14, provides a more limited form of protection for “mask works,” as defined under § 901(a)(2), that are fixed in semiconductor chips. See *id.* § 902. The Copyright Remedy Clarification Act renders the states amenable to suit in federal court for the infringement of mask works. See *id.* § 911(g)(1).

"fixed"<sup>44</sup> in a "tangible medium of expression."<sup>45</sup> For works created on or after January 1, 1978 (the date on which the current copyright act took effect), copyright initially vests in the author of the work<sup>46</sup> and subsists from creation<sup>47</sup> until seventy years after the author's death.<sup>48</sup> The copyright owner enjoys exclusive rights of reproduction,<sup>49</sup> adaptation,<sup>50</sup> distribution,<sup>51</sup> and public performance and display,<sup>52</sup> subject to defenses such as fair use.<sup>53</sup> In addition, under the Visual Artists Rights Act of 1990,<sup>54</sup> the author of a "work of visual art"—defined as the original, and certain limited edition copies, of paintings, drawings, sculptures, and qualifying photographic images<sup>55</sup>—is accorded exclusive "moral rights"<sup>56</sup> as well. Thus, under

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43. The originality requirement means that the person claiming copyright protection engaged in some degree of independent creation and minimal creativity, either in the expression of underlying facts or ideas, or in their selection, coordination, or arrangement. See *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 344-51 (1991).

44. 17 U.S.C. § 101.

45. *Id.* § 102 (a).

46. See *id.* § 201(a).

47. See *id.* § 302(a).

48. See An Act to Amend the Provisions of Title 17, United States Code, with respect to the Duration of Copyright, and for Other Purposes, Pub. L. No. 105-298, § 102(b), 112 Stat. 2827 (1998) (extending basic copyright term to life of author plus seventy years).

49. See 17 U.S.C. § 106(1).

50. See *id.* § 106(2) (stating that the author has the exclusive right to prepare and authorize preparation of derivative works based upon a copyrighted work). The act defines a "derivative work" as "a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation, or any other form in which a work may be recast, transformed, or adapted." *Id.* § 101.

51. See *id.* § 106(3) (stating that the author has the exclusive right to distribute and authorize distribution of copies or phonorecords of copyrighted work to the public). But see *id.* § 109(a) (terminating the author's distribution right with respect to copies or phonorecords that have been lawfully distributed).

52. See 17 U.S.C.A. § 106(4)–(6) (West Supp. 1998); see also 17 U.S.C. § 101 (defining "publicly"). The performance right applies to literary, musical, dramatic, and choreographic works, pantomimes, motion pictures and other audiovisual works, and to digital sound recordings. See 17 U.S.C.A. § 106(4)–(6). The display right applies to "literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work." *Id.* § 106(5); see also *id.* § 109(c) (permitting the owner of a lawfully made copy to display the copy publicly, "either directly or by the projection of no more than one image at a time, to viewers present at the place where the copy is located").

53. See *id.* § 107 (providing limited defense for purposes such as criticism, comment, news reporting, teaching, scholarship, or research, in light of various specified factors); see also *id.* §§ 108–21 (setting forth additional limitations on exclusive rights).

54. Pub. L. No. 101-650, §§ 601–10, 104 Stat. 5089, 5128-33 (codified as amended in scattered sections of 17 U.S.C.)

55. See 17 U.S.C. § 101 (defining "work of visual art").

56. These rights are referred to as "moral rights," a translation of the French *droit moral*, in recognition of the fact that French law was the first to acknowledge rights of

some circumstances, the author is entitled to claim authorship of the work,<sup>57</sup> and to prevent the distortion, mutilation, or other modification or destruction of the work.<sup>58</sup>

Like patent claims, claims of copyright infringement are within the exclusive subject matter jurisdiction of the federal courts.<sup>59</sup> A court may enjoin the violation of any of the rights described above<sup>60</sup> and may award the successful plaintiff her "actual damages and any additional profits of the infringer . . . that are attributable to the infringement and are not taken into account in computing the actual damages."<sup>61</sup> In the alternative, the court may award "statutory damages . . . for all infringements involved in the action, with respect to any one work . . . in a sum of not less than \$500 or more than \$20,000 as the court considers just" in lieu of actual damages and profits.<sup>62</sup> These statutory damages may be increased to a sum of not more than \$100,000 in cases of willful infringement, or decreased to a sum of not less than \$200 in cases of innocent infringement.<sup>63</sup> Finally, the court in its discretion also may award the prevailing party costs and attorney fees.<sup>64</sup>

### 3. Unfair Competition

A third source of intellectual property law is the law of unfair competition which embraces, among other things, the law of trademarks.<sup>65</sup> Briefly stated, a trademark is any word or other symbol that identifies

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this nature. See Thomas F. Cotter, *Pragmatism, Economics, and the Droit Moral*, 76 N.C. L. Rev. 1, 10-27 (1997) (discussing development of *droit moral* under French, German, and American law).

57. See 17 U.S.C. § 106A(a)(1) (according the author the right to claim authorship and to prevent the use of her name as the author of a work she did not create); see also *id.* § 106A(a)(2) (according the author the right to prevent use of her name as the author of work that has been modified in a manner prejudicial to her honor or reputation).

58. See *id.* § 106A(a)(3)(A) (according the right to prevent intentional modification prejudicial to the author's honor or reputation); *id.* § 106A(a)(3)(B) (according the right to prevent the destruction of a "work of recognized stature"); *id.* § 113(d) (modifying these rights with regard to works incorporated into buildings).

59. See 28 U.S.C. § 1338(a), (c) (1994).

60. See 17 U.S.C. § 502 (authorizing courts to enjoin violations of author's copyright and moral rights); see also *id.* §§ 106, 501(a) (defining the scope of copyright protection); *id.* § 503 (authorizing courts to order destruction of infringing items).

61. *Id.* § 504(a)-(b).

62. *Id.* § 504(a), (c)(1). Subject to certain exceptions, however, the prevailing plaintiff is not entitled to recover statutory damages or attorney's fees unless she registers her copyright either before it is infringed or within three months of its publication. See *id.* § 412.

63. See *id.* § 504(c)(2).

64. See *id.* § 505.

65. See generally Restatement (Third) of Unfair Competition §§ 9-37 (1995) (detailing major topics of trademark law).

a unique source of a product or service.<sup>66</sup> At common law, the first person to make a lawful, commercial use of a mark to identify her product or service acquires the right to exclude others from using the same or a confusingly similar mark for the same or a related product or service;<sup>67</sup> this common-law right of exclusion, however, normally is enforceable only within the markets in which the owner's products are sold or otherwise known.<sup>68</sup> The federal Lanham Act modifies these common law rules in several important respects.<sup>69</sup> The act provides, among other things, for the voluntary registration of marks used in interstate commerce,<sup>70</sup> and it confers upon the owners of registered marks the right to exclude others from the use of infringing marks anywhere in the United States.<sup>71</sup> In addition, section 43(a) of the Act provides the owner of an unregistered, common-law mark with a federal cause of action against the use by another of a confusingly similar mark in interstate commerce.<sup>72</sup> The Act also provides a federal claim for trademark "dilution," which is said to occur when another's use of a similar mark threatens either to "blur" the mark's distinctive nature or to "tarnish" it "through inherently negative or unsavory associations, or with goods or services that produce a negative response

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66. See 15 U.S.C. § 1127 (1994); Restatement (Third) of Unfair Competition § 9 (1995). Attributes such as product packaging and configuration (otherwise known as "trade dress"), colors, sounds, and fragrances, can serve as trademarks under some circumstances. See, e.g., *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 160-66 (1995) (discussing colors); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 764 n.1 (1992) (discussing trade dress).

67. See generally 2 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 16:1, 4, at 5-6 (4th ed. 1997). In determining whether the defendant's mark is likely to cause confusion with regard to source, sponsorship, or affiliation, a court will consider factors such as the similarity of the marks, the similarity of the goods on which they are used, the channels of trade in which they are sold or advertised, the sophistication of the class of prospective purchasers of the goods, the defendant's state of mind, and whether there is proof of any instances of actual confusion. See Restatement (Third) of Unfair Competition §§ 20-23 (1995).

68. See Thomas F. Cotter, *Owning What Doesn't Exist, Where It Doesn't Exist: Rethinking Two Doctrines from the Common Law of Trademarks*, 1995 U. Ill. L. Rev. 487, 491-92. Under certain circumstances, however, these common-law rights may be enforceable beyond this limited geographic area. See *id.* at 492-94.

69. 15 U.S.C.A. §§ 1051-1127 (West 1997).

70. See 15 U.S.C. §§ 1051-54.

71. See *id.* §§ 1072, 1115; see also *id.* § 1116 (providing for injunctive relief as a remedy against infringement).

72. See 15 U.S.C.A. § 1125(a)(1) ("Any person who . . . uses in commerce any word, term, name, symbol, or device, or any combination thereof . . . which . . . is likely to cause confusion . . . shall be liable in a civil action . . ."); see also 4 McCarthy, *supra* note 67, §§ 27:14, 27:45, at 24-27, 72-73 (discussing federal question jurisdiction for infringement claims brought by owners of unregistered trademarks under section 43(a) of the Lanham Act).

...<sup>73</sup> Only "famous" marks, however, qualify for antidilution protection under federal law.<sup>74</sup>

Unlike patent and copyright claims, a claim alleging violation of the Lanham Act may be filed in either state or federal court.<sup>75</sup> In a trademark infringement action the court may award injunctive relief<sup>76</sup> and either actual damages<sup>77</sup> (which may include lost profits, damages for use in funding a corrective advertising campaign, or a reasonable royalty)<sup>78</sup> or the defendant's profits attributable to the infringement.<sup>79</sup> The Act also authorizes the court to increase an award of actual damages up to three times<sup>80</sup> or—if the court finds "that the amount of recovery based on profits is either inadequate or excessive"—to "enter judgment for such sum as the court shall find to be just, according to the circumstances of the case."<sup>81</sup> As a matter of practice, however, courts generally award enhanced damages only in cases involving willful infringement.<sup>82</sup> Finally, as in patent law, the prevailing party may recover attorney's fees in "exceptional cases."<sup>83</sup> In actions involving trademark dilution, on the other hand, the act permits injunctive relief but forbids the court from awarding damages, except in cases of willful dilution.<sup>84</sup>

Section 43(a) of the Lanham Act also creates a federal cause of action for false advertising and product disparagement.<sup>85</sup> False adver-

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73. Restatement (Third) of Unfair Competition § 25 cmt. c (1995); *see also* Blair & Cotter, *supra* note 31, at 1612 (suggesting, as an example, that blurring might result from use of the TIFFANY mark for restaurant services, and tarnishment from its use in connection with pornographic or illegal products).

74. *See* 15 U.S.C.A. § 1125(c)(1) (setting forth factors to be considered in determining whether a mark is sufficiently famous to merit protection against dilution); *see also* Restatement (Third) of Unfair Competition § 25 cmt. e (1995) ("As a general matter, a trademark is sufficiently distinctive to be diluted by a nonconfusing use if the mark retains its source significance when encountered outside the context of the goods or services with which the mark is used by the trademark owner.").

75. *See* 28 U.S.C. § 1338(a)–(b) (1994). A claim alleging only a violation of state trademark law must be filed in state court, however, unless it can be supported by diversity or supplemental jurisdiction. *See* 5 McCarthy, *supra* note 67, § 32:1, at 32-9.

76. *See* 15 U.S.C. § 1116(a).

77. *See id.* § 1117(a).

78. *See* Restatement (Third) of Unfair Competition § 36 (1995); 5 McCarthy, *supra* note 67, §§ 30:79–87, at 133-42.

79. *See* 15 U.S.C. § 1117(a) (authorizing such recoveries "subject to the principles of equity"). The Act recognizes certain exceptions to damages liability with regard to defendants whose responsibility for an infringement is limited to the printing or advertising of an infringing mark. *See id.* § 1114(2).

80. *See id.* § 1117(a).

81. *Id.*

82. *See* 5 McCarthy, *supra* note 67, § 30:91, at 147-50.

83. 15 U.S.C. § 1117(a).

84. *See* 15 U.S.C.A. § 1125(c)(2) (West 1998).

85. *See* 15 U.S.C.A. § 1125(a)(1); *see also* 4 McCarthy, *supra* note 67, § 27:24, at 39 (noting elements of a prima facie case under section 43(a) of the Lanham Act); 1 Charles E. McKenney & George F. Long, III, *Federal Unfair Competition: Lanham Act* § 43(a) §§ 2:02[4], 6:01 (1998) (same).

tising consists of the making of a representation concerning one's own goods or services that is likely both "to deceive or mislead prospective purchasers" and to harm one's competitors,<sup>86</sup> while product disparagement is the making of a materially false representation concerning the *competitor's* goods or services.<sup>87</sup> Under the Lanham Act, a person who can demonstrate a likelihood of injury attributable to such a materially false statement has standing to assert a claim for either tort.<sup>88</sup> The successful plaintiff is entitled to the same remedies that the act provides for trademark infringement.<sup>89</sup>

### B. *The Eleventh Amendment*

The Eleventh Amendment's restriction of Article III jurisdiction poses a substantial obstacle to the enforcement of federal intellectual property laws against the states. Article III, section 2 of the United States Constitution provides that "[t]he Judicial Power shall extend to . . . Controversies . . . between a State and Citizens of another State . . . and between a State . . . and foreign States, Citizens or Subjects."<sup>90</sup> During ratification proceedings, proponents of the Constitution, led by Alexander Hamilton, James Madison, and John Marshall, argued that, despite the language of this provision, a sovereign state could not be sued in federal court,<sup>91</sup> because of pre-existing and implicit principles of sovereign immunity.<sup>92</sup> Opponents of ratification responded that the text of the provision clearly provides for federal jurisdiction over cases against the states,<sup>93</sup> and at least two states proposed

86. Restatement (Third) of Unfair Competition § 2 (1995).

87. See *id.* § 2 cmt. c.

88. See 4 McCarthy, *supra* note 67, § 27:24, 31-33, 39, 91, at 39, 49-54, 60-63, 139-41; 1 McKenney & Long, *supra* note 85, § 6.04.

89. See 15 U.S.C. §§ 1116(a), 1117, 1118 (1994).

90. U.S. Const. art. III, § 2.

91. Hamilton wrote, "It is inherent in the nature of sovereignty not to be amenable to the suit of an individual *without its consent*." The Federalist No. 81, at 450 (Alexander Hamilton) (The Colonial Press rev. ed., 1901). Madison stated:

[The federal jurisdiction in Article III] in controversies between a state and citizens of another state is much objected to, and perhaps without reason. It is not in the power of individuals to call any state into court. . . . It appears to me that this [clause] can have no operation but this—to give a citizen a right to be heard in the federal courts; and if a state should condescend to be a party, this court may take cognizance of it.

3 The Debates in The Several State Conventions on the Adoption of the Federal Constitution 533 (Jonathan Elliot ed. 1836) [hereinafter Elliot's Debates]. Marshall added, "It is not rational to suppose that the sovereign power should be dragged before a court." *Id.* at 555.

92. For a discussion of the colonists' notions of sovereign immunity evolving from British law, see Akhil Reed Amar, *Of Sovereignty and Federalism*, 96 Yale L.J. 1425 (1987); John J. Gibbons, *The Eleventh Amendment and State Sovereign Immunity: A Reinterpretation*, 83 Colum. L. Rev. 1889 (1983).

93. See Clyde E. Jacobs, *The Eleventh Amendment and Sovereign Immunity* 27-40 (1972). For instance, Patrick Henry observed, "If gentlemen pervert the most clear expressions, and the usual meaning of the language of the people, there is an end of

amendments to the Constitution to prohibit or limit suits against the states.<sup>94</sup>

The Supreme Court vindicated the opponents of constitutional ratification in the early case of *Chisholm v. Georgia*,<sup>95</sup> interpreting Article III to permit suits in federal court against a state by citizens of another state.<sup>96</sup> The decision apparently sent a shock wave throughout the Union.<sup>97</sup> Congress responded by passing the Eleventh Amendment, which provides, "The Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State."<sup>98</sup> Since its ratification, at least three major interpretations have evolved regarding the meaning of the Eleventh Amendment, including the diversity theory,<sup>99</sup>

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all argument. What says the paper? That it shall have cognizance of controversies between a state and citizens of another state, without discriminating between plaintiff and defendant." Elliot's Debates, *supra* note 91, at 543.

94. See Clinton et al., *Federal Courts Theory and Practice* 1089-90 (1996) (footnotes omitted).

95. 2 U.S. (2 Dall.) 419 (1793).

96. See *id.* at 420-26.

97. See *Hans v. Louisiana*, 134 U.S. 1, 11 (1890); Erwin Chemerinsky, *Federal Jurisdiction* 372-74 (2d ed. 1994); 1 Charles Warren, *The Supreme Court in United States History* 91-99 (rev. ed. 1935).

98. U.S. Const. amend. XI.

99. The diversity theory presents a narrow interpretation of the Eleventh Amendment, positing that it only sets a limit on the federal judiciary's diversity jurisdiction. See William A. Fletcher, *The Diversity Explanation of the Eleventh Amendment: A Reply to Critics*, 56 U. Chi. L. Rev. 1261, 1297-99 (1989) (asserting that the Eleventh Amendment bars only suits based on diversity jurisdiction and thus would not prohibit suits founded upon federal question jurisdiction); 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 (1983); Gibbons, *supra* note 92, at 1889. The theory does not establish a broad principle of sovereign immunity that would restrict federal jurisdiction in its entirety. See Amar, *supra* note 92, at 1480 (arguing against "the Supreme Court's vision of state sovereign immunity [because it] warps the very notion of government under law" and in favor of the diversity theory of the Eleventh Amendment); Vicki C. Jackson, *The Supreme Court, The Eleventh Amendment, and State Sovereign Immunity*, 98 Yale L.J. 1, 40 (1988) (contending that the Amendment affects only "party-based" jurisdiction, leaving "arising under" jurisdiction intact and unrestricted). The Supreme Court implicitly rejected the diversity theory in *Hans v. Louisiana*, 134 U.S. 1 (1890), holding that, under existing law, the Eleventh Amendment granted a state immunity from suit brought in federal court by one of its own citizens in a federal question case. See *id.* at 18. More recently, the Court explicitly rejected the diversity theory in *Pennhurst State School & Hospital v. Halderman*, 465 U.S. 89 (1984), ruling that the Amendment applies in cases founded upon federal question jurisdiction as well as those founded upon diversity jurisdiction. See *id.* at 120. The Court elaborated that

the implicit view of [cases adopting the diversity theory] seems to have been that once jurisdiction is established on the basis of a federal question, no further Eleventh Amendment inquiry is necessary with respect to other claims raised in the case. This is an erroneous view and contrary to the principles established in our Eleventh Amendment decisions.

*Id.* at 119.

the congressional abrogation theory,<sup>100</sup> and the plain text theory.<sup>101</sup>

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100. The congressional abrogation theory holds that while federal courts may not exercise jurisdiction over defendant states by construing the Article III jurisdictional grant in a broad fashion, Congress may abrogate state sovereign immunity and confer this jurisdiction. See Laurence H. Tribe, *Intergovernmental Immunities in Litigation, Taxation, and Regulation: Separation of Powers Issues in Controversies About Federalism*, 89 Harv. L. Rev. 682, 694 (1976). Tribe explains:

[A]rticle III does not of its own force abrogate the defense of sovereign immunity . . . . Five years after *Chisholm v. Georgia* had erroneously construed article III to the contrary, the Eleventh Amendment, in declaring that the federal "judicial power . . . shall not be [so] construed," restored the original understanding. . . . On this view, it remains true after the Eleventh Amendment, just as it was true prior to *Chisholm*, that Congress, acting in accordance with its article I powers as augmented by the necessary and proper clause, or acting pursuant to the enforcement clauses of various constitutional amendments, can effectuate the valid substantive purposes of federal law by (1) compelling states to submit to adjudication in federal courts and/or (2) compelling states to entertain designated federal claims in their own courts.

*Id.*

This view is based on "the peculiar institutional competence of Congress in adjusting federal power relationships" resulting from the representation of states' interests in Congress, *id.* at 696, in contrast with the absence of any real representation of state interests in the federal judiciary. See *id.* at 695 & n.71. The Supreme Court has not embraced the congressional abrogation theory; any doubts on that score were dispelled in *Seminole Tribe*, in which the Court held that Congress may not abrogate sovereign immunity pursuant to its Article I powers. See *Seminole Tribe v. Florida*, 517 U.S. 44, 71-72 (1996). The *Seminole Tribe* Court reasoned that the Eleventh Amendment altered the original constitution, thereby limiting Congress's Article I powers. See *id.*

101. The plain text theory of the Eleventh Amendment has garnered some scholarly support as well. This theory relies on a canon of construction instructing that interpretation of a statute or constitutional provision should begin with the plain text, and that the text should be rejected only if it is poorly drafted or the result is too ridiculous to represent the intent of the drafters. See Lawrence C. Marshall, *Fighting the Words of the Eleventh Amendment*, 102 Harv. L. Rev. 1342, 1349 (1989) ("[T]he exceptional clarity of the eleventh amendment significantly intensifies the burden of showing that its framers and supporters meant something different from what they said."). Advocates of this theory assert that the Amendment represents the result of compromise in the political process rather than any single principle such as limitation of diversity jurisdiction or congressional abrogation theory. See *id.* at 1353. Marshall elaborates:

There is obvious tension between the immunity and accountability principles, but it is unnecessary and inappropriate to choose either of them as the one value that the eleventh amendment implements. If the history of the Constitution (not to mention modern legislation) tells us anything, it tells a story of constant political compromise between dramatically opposed ideological, economic, and regional factions. To understand the "intent" or "purpose" behind any piece of legislation, . . . [i]t is . . . important to consider whether any one faction prevailed on the measure, or whether the provision represents a rough compromise with which no one was entirely happy, but which most everyone could accept. The fallacy of the current eleventh amendment theories lies in their relentless demand for a single theoretical principle that can coherently explain the amendment, and even better, also explain how the amendment is consistent with the principles that gave rise to



The Supreme Court, however, has not adopted any of the above three theories. Indeed, the Court's aged and confused Eleventh Amendment jurisprudence makes it difficult to discern any unifying principle. Commentators have suggested two theories regarding the Supreme Court's current position: the forum-allocation theory and the immunity-from-liability theory. The forum-allocation theory holds that the Amendment does not preclude remedies for state violations of federal rights or foreclose the exercise of federal judicial power to enforce such remedies, but merely defers the involvement of the federal judiciary in enforcing federal liabilities of the states until the state courts have had a chance to afford the required relief.<sup>102</sup> Professor Carlos Manuel Vázquez recently has argued that *McKesson Corp. v. Division of Alcoholic Beverages and Tobacco* supports this view through its holding that the Eleventh Amendment does not defeat the Supreme Court's appellate jurisdiction over suits brought against the states.<sup>103</sup> The immunity-from-liability theory, on the other hand, would preclude even the Supreme Court's exercise of "appellate jurisdiction over suits arising in the state courts [except] 'where a State has consented to suit,'" <sup>104</sup> thus "(effectively) immunizing the states from monetary liability to private individuals."<sup>105</sup>

Because our toil here does not strive to mend all that is amiss in Eleventh Amendment law, but only to see how that law, such as it is, affects current intellectual property legislation, we do not attempt to support either the forum-allocation or immunity-from-liability theory,

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the Constitution. This may be a fascinating exercise, but it surely fails to reflect the realities of the political process.

*Id.* at 1353 (footnotes omitted).

Plain text advocates also have argued that there are valid historical explanations for the particular balance struck in the Amendment. For example, Marshall argues that the Amendment's distinction between suits brought by in-state and out-of-state citizens can be explained because "the states were most concerned with suits filed by out-of-state residents, and hence immunity was provided for that class of cases. On the other hand, the competing principle of accountability argued strongly in favor of preserving federal jurisdiction wherever politically possible." *Id.* at 1362. The Supreme Court discarded the plain text of the Amendment in *Hans*, reading "another state" to include the same state, thereby rejecting this theory of the Amendment. *See Hans*, 134 U.S. at 20. In addition, "[i]n one of its many departures from the text of the Amendment, the Supreme Court has held that the Eleventh Amendment does not constrain the jurisdiction of *all* federal courts: It does not limit the Supreme Court's own appellate jurisdiction." Carlos Manuel Vázquez, *What Is Eleventh Amendment Immunity?* 106 Yale L.J. 1683, 1701 (1997) (discussing *McKesson Corp. v. Division of Alcoholic Beverages and Tobacco*, Dep't of Bus. Regulation, 496 U.S. 18, 28-31 (1990)).

102. *See* Vázquez, *supra* note 101, at 1688-89.

103. *See id.* For defenses of the forum-allocation theory, see Jackson, *supra* note 99, at 6-7, and Henry P. Monaghan, *The Sovereign Immunity "Exception"*, 110 Harv. L. Rev. 102, 103 (1996).

104. Vázquez, *supra* note 101, at 1702-03 (quoting *Seminole Tribe*, 517 U.S. at 71 n.14).

105. *Id.* at 1702.

or to develop a third theory.<sup>106</sup> Rather, we will present the Court's current view in only enough detail to facilitate our discussion.

The Court has held that the Eleventh Amendment, by the clear terms of its text, forbids suits against a state in federal court brought by citizens of another state or by foreign subjects.<sup>107</sup> In addition, as we noted above, *Hans v. Louisiana* extended the prohibition to suits against a state by citizens of the same state, despite the absence of textual support in the Amendment.<sup>108</sup> Significantly, the Amendment applies in federal question as well as diversity cases,<sup>109</sup> although it does not defeat the Supreme Court's appellate jurisdiction. For example, in *McKesson*,<sup>110</sup> the Court held that when the Due Process Clause requires a state to provide a monetary remedy in state court for its violation of federal law, the Eleventh Amendment does not bar Supreme Court review of a state court's refusal to provide the remedy.<sup>111</sup>

There are some exceptions to state immunity from the reach of original federal jurisdiction. First, municipalities and state political subdivisions are not immune from suit.<sup>112</sup> Second, in *Ex parte Young*,<sup>113</sup> the Supreme Court held that the Eleventh Amendment does not bar suits for injunctive relief against state officers.<sup>114</sup> The *Ex parte Young* doctrine is alive and well today<sup>115</sup> despite its fictional foundation that an

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106. We should note, however, the potential impact of these theories. If the forum-allocation theory is correct, it seems that Congress could give the state courts jurisdiction to hear federal infringement claims against the states and thereby subject the states to the Supreme Court's appellate jurisdiction, without offending the Eleventh Amendment and regardless of any power to abrogate immunity. This would not be possible under the immunity-from-liability theory. If Congress still may abrogate sovereign immunity by virtue of its power to enforce the Fourteenth Amendment under *Fitzpatrick v. Bitzer*, 427 U.S. 445 (1976), however, neither of these theories would preclude the enforcement of federal laws against the states in federal courts where the federal laws are appropriate exercises of congressional power under the Fourteenth Amendment.

107. See Chemerinsky, *supra* note 97, at 383 (citing *In re New York*, 256 U.S. 490 (1921); *Smith v. Reeves*, 178 U.S. 436 (1900); and *Fitts v. McGhee*, 172 U.S. 516 (1899)).

108. See *Hans v. Louisiana*, 134 U.S. 1, 18 (1890).

109. See *Pennhurst State Sch. and Hosp. v. Halderman*, 465 U.S. 89, 120 (1984) (stating that the "Amendment thus is a specific constitutional bar against hearing even *federal claims* that otherwise would be within the jurisdiction of the federal courts").

110. 496 U.S. 18 (1990).

111. See *id.* at 27-31.

112. See Chemerinsky, *supra* note 97, at 386 (citing *Mount Healthy City Sch. Dist. Bd. of Educ. v. Doyle*, 429 U.S. 274 (1977); *Lincoln County v. Luning*, 133 U.S. 529 (1890)). But see *Pennhurst*, 465 U.S. at 123-24 (holding that a county was immune from suit where the state funded and participated in the operation of a county program).

113. 209 U.S. 123 (1908).

114. See *id.* at 159-60.

115. In the two recent cases of *Seminole Tribe v. Florida*, 517 U.S. 44 (1996) and *Idaho v. Coeur d'Alene Tribe*, 521 U.S. 261 (1997), the Court reaffirmed the continued

officer who proceeds in "conflict with the superior authority of [the federal] Constitution . . . is in that case stripped of his official or representative character and is subjected in his person to the consequences of his individual conduct."<sup>116</sup> Third, suits against state officers for prospective, as opposed to retrospective, monetary relief are permissible under *Edelman v. Jordan*.<sup>117</sup>

States also may waive their immunity from suit.<sup>118</sup> Explicit waiver requires a state to make a clear statement of its willingness to be sued in federal court specifically.<sup>119</sup> The contours (as well as the continued validity) of the doctrine of constructive waiver are somewhat more difficult to assess. The doctrine has its genesis in the Supreme Court's 1964 decision of *Parden v. Terminal Railway of Alabama State Docks Department*,<sup>120</sup> where the Court held that the State of Alabama had implicitly consented to suit in federal court in an action arising under the Federal Employers' Liability Act ("FELA") by virtue of its ownership and operation of a railroad.<sup>121</sup> In a series of subsequent decisions, however, the Court has retreated from this broad conception of constructive consent. First, in *Employees of the Department of Public Health & Welfare v. Department of Public Health & Welfare*,<sup>122</sup> the Court limited the *Parden* doctrine to cases in which the state has engaged in nontraditional government functions, such as the operation of the for-profit railroad at issue in *Parden*.<sup>123</sup> States therefore may retain their immunity when engaging in traditional governmental business, such as the operation of nonprofit public hospitals<sup>124</sup> and the provision of public education.<sup>125</sup> Second, in *Welch v. Texas Department of Highways & Public Transportation*,<sup>126</sup> the Court partially

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viability of the *Ex parte Young* doctrine but pared its scope. For a more detailed discussion of the impact of these two cases on the *Ex parte Young* doctrine, see *infra* note 455.

116. *Ex parte Young*, 209 U.S. at 159-60.

117. 415 U.S. 651 (1974).

118. See Chemerinsky, *supra* note 97, at 406.

119. See *id.*

120. 377 U.S. 184 (1964), *overruled in part by* *Welch v. Texas Dep't of Highways & Pub. Transp.*, 483 U.S. 468, 478 (1987).

121. See *id.* at 194-98. The Court concluded first that, because FELA did not expressly exempt states from the scope of its regulation, the State of Alabama became subject to the statute when it functioned in the capacity of a "common carrier." See *id.* at 187-90. Second, the Court reasoned that "the States surrendered a portion of their sovereignty when they granted Congress the power to regulate commerce" under Article I, *id.* at 191, and that as a result a state constructively waives its immunity when it engages in an activity the right to which Congress has made conditional upon amenability to suit in federal court. See *id.* at 190-98.

122. 411 U.S. 279 (1973).

123. See *id.* at 284.

124. See *id.* at 284-85.

125. See *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 131 F.3d 353, 363-65 (3d Cir. 1997), *cert. granted*, 67 U.S.L.W. 3127 (U.S. Jan. 8, 1999) (No. 98-149).

126. 483 U.S. 468 (1987).

overruled *Parden*, holding that a state does not constructively consent unless Congress "express[es] in unmistakable statutory language its intention to allow States to be sued in federal court . . ."<sup>127</sup> Finally, a few courts have read *Seminole Tribe* as standing for the proposition that Congress has no authority whatsoever to abrogate, or require a waiver of, state sovereign immunity when legislating pursuant to Article I, thus overruling *Parden*'s central holding.<sup>128</sup>

Finally, Congress may abrogate state immunity in some circumstances. In *Fitzpatrick v. Bitzer*,<sup>129</sup> the Court ruled that Congress may abrogate state immunity pursuant to its powers under section 5 of the Fourteenth Amendment, reasoning that the Fourteenth Amendment altered the federal-state balance of power envisioned in the passage of the Eleventh Amendment.<sup>130</sup> Following *Fitzpatrick*, the Court hinted in *Atascadero State Hospital v. Scanlon*<sup>131</sup> that Congress also may be able to abolish state immunity under its other constitutional powers,

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127. *Id.* at 475.

128. See *Chavez v. Arte Publico Press*, 157 F.3d 282, 285-87, (5th Cir. 1998) (holding that *Seminole Tribe* overrules *Parden*); *College Sav. Bank v. Florida Prepaid Post-secondary Educ. Expense Bd.*, 948 F. Supp. 400, 418-20 (D.N.J. 1996) (same), *aff'd on other grounds*, 131 F.3d 353 (3d Cir. 1997), *cert. granted*, 67 U.S.L.W. 3127 (U.S. Jan. 8, 1999) (No. 98-149), and *aff'd on other grounds*, 148 F.3d 1343 (Fed Cir. 1998), *cert. granted*, 67 U.S.L.W. 3279 (U.S. Jan. 8, 1999) (No. 98-531); *Kish v. Verniero* (*In re Kish*), 212 B.R. 808, 815 (Bankr. D.N.J. 1997) (same); John T. Cross, *Intellectual Property and the Eleventh Amendment After Seminole Tribe*, 47 DePaul L. Rev. 519, 537-38 (1998) (same); see also *Pennsylvania v. Union Gas Co.*, 491 U.S. 1, 43-44 (1989) (Scalia, J., concurring in part and dissenting in part) (stating that the Supreme Court should expressly declare that Congress may not use its Article I power to abridge state sovereign immunity), *overruled by Seminole Tribe v. Florida*, 517 U.S. 44 (1996); *Close v. New York*, 125 F.3d 31, 40 (2d Cir. 1997) (stating that the viability of the *Parden* doctrine is "precarious" in light of *Seminole Tribe*); Jacqueline D. Ewenstein, *Seminole Tribe: Are States Free to Pirate Copyrights with Impunity?*, 22 Colum.-VLA J.L. & Arts 91, 105-07, 109 (1997) (describing the implied consent as resting "on shaky constitutional grounds"). One commentator, however, has argued recently that *Seminole Tribe* leaves open the possibility that Congress may continue to condition state activities upon the state's consent to suit in federal court, as long as those activities are truly voluntary ones. See Kit Kinports, *Implied Waiver After Seminole Tribe*, 82 Minn. L. Rev. 793, 795 (1998). Kinports argues, among other things, that a state's decision to use copyrighted material in connection with voluntary, non-core state functions could be deemed to constitute a constructive waiver. See *id.* at 817-18. Even if this theory is correct, however, state uses of intellectual property in connection with traditional government functions such as public works and education would continue to fall outside the scope of the waiver. As we demonstrate herein, many state uses of intellectual property are likely to arise in precisely such settings. Cf. *Chavez*, 157 F.3d at 291-95 (Wisdom, J., dissenting) (concluding that *Parden* remains viable after *Seminole Tribe*, but only under very limited circumstances; and that the waiver theory does not provide adequate justification for the Copyright and Trademark Remedy Clarification Acts).

129. 427 U.S. 445 (1976).

130. See *id.* at 456; see also *Seminole Tribe v. Florida*, 517 U.S. 44, 65-66 (1996) (stating that *Fitzpatrick* was based upon the rationale that the Fourteenth Amendment "operated to alter the pre-existing balance between state and federal power achieved by Article III and the Eleventh Amendment").

131. 473 U.S. 234 (1985).

but that to do so Congress must state specifically and unequivocally in the statute's text its intent to confer federal jurisdiction over the states.<sup>132</sup> A few years later, in *Pennsylvania v. Union Gas Co.*,<sup>133</sup> a fragmented Court determined that the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), which was passed pursuant to Congress's Commerce Clause power, contained the explicit statement of intent to abrogate required by *Atascadero* and held that "Congress has the authority to render [the states] so liable when legislating pursuant to the Commerce Clause."<sup>134</sup>

In 1996, the Supreme Court overruled *Union Gas* in *Seminole Tribe*. The plaintiff, Seminole Tribe of Florida, had filed suit against the State of Florida to compel certain negotiations between the state and the tribe pursuant to the Indian Gaming Regulatory Act, a federal statute Congress had enacted under its Article I power to regulate commerce with Indian Tribes.<sup>135</sup> In a five to four decision, the Court held that Congress may not abolish Eleventh Amendment immunity pursuant to its Article I powers, thus leaving the Fourteenth Amendment as Congress's only avenue for subjecting nonconsenting states to suit in federal court for retrospective monetary relief for violations of federal law.<sup>136</sup> Both the majority and the dissent recognized that the decision's implications extended far beyond the constitutionality of the Indian Gaming Regulatory Act. In dissent, Justice Stevens argued that denying Congress the power to abrogate sovereign immunity under Article I threatened portions of several other federal statutes, including the copyright, bankruptcy, and antitrust laws, that purport to render the states amenable to suit in federal court.<sup>137</sup> In response, however, the majority suggested that "several avenues remain open for ensuring state compliance with federal law," such as "obtain[ing] injunctive relief under *Ex parte Young* in order to remedy a state officer's ongoing violation of federal law."<sup>138</sup>

*Seminole Tribe* therefore radically altered the landscape of Eleventh Amendment law, rendering the contours of waiver and abrogation doctrine unclear and leaving courts and commentators to contemplate

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132. See *id.* at 246.

133. 491 U.S. 1 (1989), overruled by *Seminole Tribe v. Florida*, 517 U.S. 44 (1996).

134. *Id.* at 23.

135. See *Seminole Tribe*, 517 U.S. at 47-48.

136. See *id.* at 65-66.

137. See *id.* at 77 & n.1 (Stevens, J., dissenting).

138. *Id.* at 72 n.16; see also *id.* at 70-71 nn.13-14 (noting that a state may consent to suit, that the federal government may bring suit in federal court against a state, and that the Supreme Court may "review a question of federal law arising from a state court decision where a State has consented to suit"). The Court nevertheless held that injunctive relief was not available on the peculiar facts of *Seminole Tribe* itself. See *id.* at 74-76. We discuss this issue in greater detail *infra* at note 454 and accompanying text.

the number of federal statutory casualties left in its wake.<sup>139</sup> This Article focuses on the fate of one set of federal laws, the Remedy Clarification Acts.

### C. *The Remedy Clarification Acts*

Following the Supreme Court's ruling in *Atascadero* that Congress must express its intent, if any, to abrogate sovereign immunity "in unmistakable language in the statute itself,"<sup>140</sup> courts in the late 1980s began to conclude that states were immune from infringement suits in federal court because none of the relevant legislation contained the requisite statement of intent to abrogate.<sup>141</sup>

In response, Congress in 1990 enacted the Copyright Remedy Clarification Act<sup>142</sup> "to clarify that States . . . are subject to suit in Federal court by any person for infringement of copyright . . . ."<sup>143</sup> This act amended § 501 of the Copyright Act so as to include an express state-

139. See, e.g., *Mueller v. Idaho (In re Mueller)*, 211 B.R. 737, 740-41 (Bankr. D. Mont. 1997) (invalidating Congress's attempt to abrogate state immunity from suits in bankruptcy); *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 948 F. Supp. 400, 423-27 (D.N.J. 1996) (upholding Congress's abrogation of sovereign immunity under the Patent Remedy Clarification Act for patent infringement suits but striking down Congress's attempt to do the same under the Trademark Remedy Clarification Act with respect to state immunity for certain violations of unfair competition provisions of Lanham Act), *aff'd*, 131 F.3d 353 (3d Cir. 1997), *cert. granted*, 67 U.S.L.W. 3127 (U.S. Jan. 8, 1999) (No. 98-149), *and aff'd*, 148 F.3d 1343 (Fed. Cir. 1998), *cert. granted*, 67 U.S.L.W. 3279 (U.S. Jan. 8, 1999) (No. 98-531); see also *infra* note 153 (discussing other cases).

140. *Atascadero State Hosp. v. Scanlon*, 473 U.S. 234, 243 (1985).

141. See S. Rep. No. 102-280, at 5-6 (1992) (discussing patent and trademark cases), *reprinted in* 1992 U.S.C.C.A.N. 3087, 3091-92; H.R. Rep. No. 101-282(I), at 2 & n.6 (1990) (collecting copyright cases), *reprinted in* 1990 U.S.C.C.A.N. 3949, 3950 & n.6; U.S. Copyright Office, *Copyright Liability of States and The Eleventh Amendment: A Report of the Register of Copyrights 93-97* (1988) [hereinafter *Copyright Liability Report*] (discussing cases).

142. Pub. L. No. 101-553, 104 Stat. 2749 (1990) (codified at 17 U.S.C. §§ 501(a), 511, 910(a), 911(g) (1994)).

143. H.R. Rep. No. 101-282(I), at 1, *reprinted in* 1990 U.S.C.C.A.N. 3949, 3949. The term "Remedy Clarification Act" reflects the belief, expressed in the House Report accompanying the act, that "the intent of Congress when it passed the 1976 Copyright Act was that all defendants in copyright infringement suits, including States as well as private defendants, be liable for money damages." *Id.* at 2, *reprinted in* 1990 U.S.C.C.A.N. 3949, 3950. The Report points out that the 1976 Act authorizes suit and imposes remedies against "anyone" and "any person," with no express exclusion of states. See *id.* at 5, *reprinted in* 1990 U.S.C.C.A.N. 3949, 3953. It also notes that a few provisions of the Copyright Act explicitly *exempt* governmental bodies from liability, suggesting that Congress did not intend for the states to be immune in other respects. See *id.* (citing 17 U.S.C. § 110(2),(6) (1976) (exempting governmental bodies from liability for certain performances of nondramatic literary and musical works)), *reprinted in* 1990 U.S.C.C.A.N. 3949, 3953; see also 17 U.S.C. § 601(b)(3) (1994) (exempting from scope of so-called manufacturing clause works imported into United States for use by federal or state governments). The Report also argues that injunctive relief alone would be inadequate to protect copyright owners, see H.R. Rep. No. 101-282(I), at 8, *reprinted in* 1990 U.S.C.C.A.N. 3949, 3956, and rejects the argument that state courts should be granted concurrent subject matter jurisdiction over copy-

ment that states shall be subject to the provisions of the Copyright Act "in the same manner and to the same extent" as are nongovernmental actors.<sup>144</sup> It also added a new provision, § 511, which provides (1) that "[a]ny 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, shall not be immune, under the Eleventh Amendment . . . or under any other doctrine of sovereign immunity, from suit in Federal court by any person . . . for a violation of" the Copyright Act;<sup>145</sup> and (2) that all of the remedies available against nongovernmental entities, including actual and statutory damages, profits, and attorney's fees and costs, are available in a suit against a state or state entity.<sup>146</sup> Two years later Congress enacted similar amendments to the Patent<sup>147</sup> and Lanham Acts.<sup>148</sup>

Two aspects of the Remedy Clarification Acts are of particular interest for present purposes. First, the legislative history of the Patent and Trademark Remedy Clarification Acts states explicitly that Congress intended to abrogate sovereign immunity from patent and trademark claims pursuant to both its Article I and Fourteenth Amendment powers.<sup>149</sup> During consideration of the earlier-enacted Copyright Remedy Clarification Act, however, Congress considered only whether it possessed the power to abrogate under Article I.<sup>150</sup>

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right claims against the states. *See id.* at 9, reprinted in 1990 U.S.C.C.A.N. at 3949, 3957.

144. Copyright Remedy Clarification Act, Pub. L. No. 101-553, § 2(a), 104 Stat. 2749, 2749-50 (1990) (amending 17 U.S.C. § 501(a)). Section 2(b) of this Act enacts provisions that are materially identical to this and the following two provisions noted in the text above. *See id.* § 2(b), 104 Stat. at 2750 (amending 17 U.S.C. § 910(a) and enacting 17 U.S.C. § 911(g)).

145. *Id.* § 2(b), 104 Stat. at 2749 (enacting 17 U.S.C. § 511(a)).

146. *See id.* (enacting 17 U.S.C. § 511(b)).

147. *See* Patent and Plant Variety Protection Remedy Clarification Act, Pub. L. No. 102-560, 106 Stat. 4230 (1992) (codified at 7 U.S.C. §§ 2541(a)-(b), 2570 (1994); 35 U.S.C. §§ 271(h), 296 (1994)). Using language similar to that found in the Copyright Remedy Clarification Act, this Act purports to abrogate the immunity of states and state instrumentalities (as well as officers and employees of states and state instrumentalities) from patent infringement actions in federal court, *see* 7 U.S.C. § 2570(a); 35 U.S.C. § 296(a), and provides that the same remedies are available against these state defendants as are available against nongovernmental entities. *See* 7 U.S.C. § 2570(b); 35 U.S.C. § 296(b).

148. *See* Trademark Remedy Clarification Act, Pub. L. No. 102-542, 106 Stat. 3567 (1992) (codified at 15 U.S.C. §§ 1114(a), 1122, 1125(a), 1127 (1994)). Using language similar to that found in the other two Remedy Clarification Acts, the Trademark Remedy Clarification Act removes state defendants' immunity from Lanham Act suits in federal court, *see* 15 U.S.C. § 1122(a), and renders them amenable to the same remedies that are available against nongovernmental defendants, *see id.* § 1122(b).

149. *See* S. Rep. No. 102-280, at 7-8 (1992), reprinted in 1992 U.S.C.C.A.N. 3087, 3093-94. The report, however, does not spell out how the Fourteenth Amendment abrogation theory works; hence this article.

150. *See* H.R. Rep. No. 101-282(I), at 6-7 (1990), reprinted in 1990 U.S.C.C.A.N. 3949, 3954-55. Although this report notes that the abrogation "power under the Fourteenth Amendment has been repeatedly upheld," *id.*, reprinted in 1990 U.S.C.C.A.N. 3949, 3954-55, the statement is made in the context of a detailed discussion of Con-

Whether this failure to expressly invoke the Fourteenth Amendment affects the constitutionality of the Copyright Remedy Clarification Act is unclear. On the one hand, as the court in *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board*<sup>151</sup> recently noted in dictum, the Supreme Court has stated (albeit in a different context) that it "never require[s] a legislature to articulate its reasons for enacting a statute."<sup>152</sup> Several other recent cases addressing Congress's power to abrogate state sovereign immunity from other types of federal claims are in accord.<sup>153</sup> On the other hand, given the

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gress's power to abrogate under Article I. *See id.*, reprinted in 1990 U.S.C.C.A.N. 3949, 3954-55 ("The Committee believes that the *Union Gas* reasoning applies equally to the Copyright Clause of Article I."); *see also* Copyright Liability Report, *supra* note 141, at 104 (recommending clarification of intent to abrogate sovereign immunity from copyright claims "[i]f *Union Gas* permits Article I abrogation" without discussion of abrogation under Fourteenth Amendment theory). *But see Copyright Remedy Clarification Act and Copyright Office Report on Copyright Liability of States: Hearings on H.R. 1131 Before the Subcomm. on Courts, Intellectual Property and the Admin. of Justice*, 101st Cong. 194, 196 (1989) (report adopted by the House of Delegates of the American Bar Association, Feb. 1988) (stating that "patents, trademarks, and copyrights are property and uncompensated state infringement can be considered to be a taking in violation of the Fourteenth Amendment").

151. 948 F. Supp. 400 (D.N.J. 1996), *aff'd*, 131 F.3d 353 (3d Cir. 1997), *petition for cert. filed* 67 U.S.L.W. 3084 (U.S. July 17, 1998) (No. 98-149), and *aff'd*, 148 F.3d 1343 (Fed. Cir. 1998), *petition for cert. filed*, 67 U.S.L.W. 3259 (U.S. Sept. 28, 1998) (No. 98-531).

152. *Id.* at 422-23 n.23 (quoting *FCC v. Beach Communications, Inc.*, 508 U.S. 307, 315 (1993)). In *Beach Communications*, 508 U.S. at 315 (citations omitted), the Court observed that, on rational-basis review, "those attacking the rationality of the legislative classification have the burden 'to negative every conceivable basis which might support it,'" and that "because we never require a legislature to articulate its reasons for enacting a statute, it is entirely irrelevant for constitutional purposes whether the conceived reason for the challenged distinction actually motivated the legislature."

153. Perhaps the leading case is *Timmer v. Michigan Department of Commerce*, 104 F.3d 833 (6th Cir. 1997). In *Timmer*, the plaintiffs filed suit against a state agency for violation of a portion of the Fair Labor Standards Act ("FLSA") known as the Equal Pay Act, 29 U.S.C. § 206(d) (1994). *See Timmer*, 104 F.3d at 835. While noting that "Congress did not expressly state the constitutional basis of its extension of the FLSA to the States in 1974," *id.* at 838, the court cited *Woods v. Cloyd W. Miller Co.*, 333 U.S. 138, 144 (1948), and dicta in *EEOC v. Wyoming*, 460 U.S. 226, 243 n.18 (1983), for the proposition that "[t]he . . . constitutionality of action taken by Congress does not depend on recitals of the power which it undertakes to exercise." *Timmer*, 104 F.3d at 840 (quoting *Woods*, 333 U.S. at 149). The court also noted that, in *Pennhurst State School & Hospital v. Halderman*, 451 U.S. 1 (1981), the Supreme Court had cautioned against "quickly attribut[ing] to Congress an unstated intent to act under its authority to enforce the Fourteenth Amendment" when "legislation imposes congressional policy on a State involuntarily, and . . . intrudes on traditional state authority." *Timmer*, 104 F.3d at 840 (quoting *Pennhurst*, 451 U.S. at 16). *Pennhurst*, however, also

distinguish[ed] between two kinds of cases: those where "statutes . . . simply prohibited certain kinds of state conduct" and those like the one before the Court in *Pennhurst*, where the "case for inferring intent is at its weakest where . . . the rights asserted impose affirmative obligations on the States to fund certain services, since we may assume that Congress will not implicitly attempt to impose massive financial obligations on the States." In other words, the Court did not suggest that a court should *never* infer a congres-



Court's obsession with the need for a clear statement of abrogation within the statutory text,<sup>154</sup> it requires little imagination to envision the Court's going one step further and invalidating an abrogation statute if Congress fails to identify the Fourteenth Amendment as the basis for the abrogation.<sup>155</sup> Because our principal focus is upon whether a Fourteenth Amendment theory *can* support legislation like the Remedy Clarification Acts, we will not attempt to resolve this issue—other than to note that, even if the latter reading of the case law is correct, Congress can explicitly abrogate immunity pursuant to its section 5 powers, if the Fourteenth Amendment theory works. As we shall demonstrate in the remaining portions of this Article, however, the assumption that this theory works is tenuous.

A second important feature is Congress's intent, clearly evidenced in all three acts, to render the states liable for infringement "in the same manner and to the same extent" as private actors.<sup>156</sup> The princi-

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sional intent to legislate pursuant to § 5 of the Fourteenth Amendment, but rather that it should first consider a number of factors before making such an inference.

*Id.* at 840-41 (quoting *Pennhurst*, 451 U.S. at 16-17). The court concluded that, because the Equal Pay Act "simply prohibit[s] certain kinds of state conduct," and because "Congress clearly intended to impose congressional policy on the States," it was appropriate to infer "a congressional intent to act pursuant to § 5 of the Fourteenth Amendment." *Id.* at 841 (citing *Pennhurst*, 451 U.S. at 16). Several courts have agreed with *Timmer* in addressing the constitutionality of other abrogation legislation. See, e.g., *Mills v. Maine*, 118 F.3d 37, 42-44 (1st Cir. 1997) (involving the FLSA); *Hurd v. Pittsburg State Univ.*, 109 F.3d 1540, 1545 (10th Cir. 1997) (involving the Age Discrimination in Employment Act); *Nihiser v. Ohio Envtl. Protection Agency*, 979 F. Supp. 1168, 1171-72 (S.D. Ohio 1997) (involving the Americans with Disabilities Act and the Rehabilitation Act).

154. See *Atascadero State Hosp. v. Scanlon*, 473 U.S. 234, 243 (1985).

155. Cf. *Schlossberg v. Comptroller (In re Creative Goldsmiths, Inc.)*, 119 F.3d 1140, 1146 (4th Cir. 1997) (asserting in a case involving alleged abrogation of immunity from a claim filed by a trustee in bankruptcy, that the court "will not presume that Congress intended to enact a law under a general Fourteenth Amendment power to remedy an unspecified violation of rights when a specific, substantive Article I power clearly enabled the law"), *cert. denied*, 118 S. Ct. 1517 (1998); *MacPherson v. University of Montevallo*, 938 F. Supp. 785, 789 (N.D. Ala. 1996) (stating that "[i]f Congress intended to amend the ADEA based upon § 5 of the Fourteenth Amendment it could have done so, as it did with respect to the 1972 amendments to Title VII"), *aff'd sub nom. Kimel v. State Bd. of Regents*, 139 F.3d 1426 (11th Cir. 1998); see also Vicki C. Jackson, *Seminole Tribe, The Eleventh Amendment, and the Potential Evisceration of Ex Parte Young*, 72 N.Y.U. L. Rev. 495, 508 n.53 (1997) (suggesting that one question raised by *Seminole Tribe* is whether Congress, in enacting laws that purport to abrogate state sovereign immunity, must "indicate an intent to have relied" on some particular theory, or whether courts "should . . . look to any power that might reasonably be relied on to sustain the law").

156. 35 U.S.C. § 271(h) (1994) (stating that states "shall be subject to the provisions of this title in the same manner and to the same extent as any nongovernmental entity"); see 7 U.S.C. § 2541(f) (1994) (similar); 15 U.S.C. §§ 1114(1), 1127 (1994) (similar); 17 U.S.C. §§ 501(a), 910(a) (1994) (similar); cf. 17 U.S.C. § 110(6) (exempting governmental entities from liability for performance of nondramatic musical works in course of agricultural or horticultural fairs or exhibitions, and providing that exemption "shall extend to any liability for copyright infringement that would otherwise be

ple of treating states in the same manner as private actors would appear to require that states are liable under the doctrine of vicarious liability for infringing acts committed by state employees or contractors, under circumstances that would render a private actor liable under that doctrine.<sup>157</sup> As we shall see, however, if this interpretation is correct, the acts appear to impose liability under some circumstances that would not give rise to a takings claim under the Fifth Amendment.<sup>158</sup>

## II. THE TAKINGS THEORY

In this part, we discuss whether Congress's power under section 5 of the Fourteenth Amendment to enforce the Takings Clause (as incorporated into section 1 of that amendment)<sup>159</sup> provides an adequate basis for the Remedy Clarification Acts. At first glance, the Takings Clause, which provides that private property may not "be taken for public use, without just compensation,"<sup>160</sup> seems like a reasonable candidate for upholding the validity of the acts. Patents, copyrights, and trademarks certainly can be viewed as a type of property (people refer to them as "intellectual property," after all), and there is a surface plausibility to the argument that, when a state actor acting within the scope of his employment uses intellectual property without the consent of the owner he in effect "takes" an intellectual property license. For these reasons, a number of courts and commentators have

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imposed on such body or organization, under doctrines of vicarious liability or related infringement").

157. In patent law, vicarious liability is determined by the tort law doctrine of respondeat superior. See 5 Chisum, *supra* note 38, § 16.06[1], at 249. Under the traditional formulation of the doctrine, an employer is liable for torts committed by an employee within the scope of her employment; and an act may be deemed within the scope of employment if "the purpose of serving the master's business actuates the servant to any appreciable extent." Restatement (Second) of Agency § 236 cmt. b (1958). Trademark law may follow the same rule, but there are very few cases on point. See *AT&T v. Winback & Conserve Program*, 42 F.3d 1421, 1433-34 & n.15 (3d Cir. 1994) (applying traditional agency principles, but noting only one other decision on point). In copyright law, by contrast, an actor may be liable not only for infringing acts committed by an employee within the scope of her employment, but even for the acts of independent contractors, if the actor (1) possesses the right and ability to supervise the infringer's conduct, and (2) has an obvious and direct financial interest in the exploitation of the work. See 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 12.04[A][1], at 12-68, -70 (1998). In addition, in all three bodies of law, an actor can be liable for contributory infringement or for inducing another to infringe, under some circumstances. See 35 U.S.C. § 271(b)-(c) (setting forth elements of active infringement and contributory inducement of infringement under federal patent law); *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 853-54 (1982) (setting forth elements under federal trademark law); 3 Nimmer & Nimmer, *supra*, § 12.04[A][2], at 12-72 (discussing contributory infringement under copyright law).

158. See *infra* notes 245-62 and accompanying text.

159. See *Dolan v. City of Tigard*, 512 U.S. 374, 383-84 (1994) (holding that the Fifth Amendment Takings Clause is incorporated into the Fourteenth Amendment) (citing *Chicago, Burlington & Quincy R.R. v. Chicago*, 166 U.S. 226, 239 (1897)).

160. U.S. Const. amend. V.

suggested that at least some state uses of intellectual property constitute takings of private property for which just compensation is due.<sup>161</sup>

We nevertheless conclude that attempts to ground the Remedy Clarification Acts in the Takings Clause must fail, for several reasons. First, as we demonstrate in the following section, even if all of the standard conditions that normally implicate the Takings Clause are present,<sup>162</sup> it appears that Congress intended for the Patent, Copyright, and Lanham Acts to *preempt* the states' ability to exercise their eminent domain power over federal intellectual property rights, rather than to provide a means for compelling the payment of just compensation subsequent to the exercise of that power. As a consequence, when a state uses a patent, copyright, or trademark without the owner's consent, it commits a wrongful act.<sup>163</sup> Put another way, the takings theory assumes that the state has not only the power but also the right to effect takings, as long as it pays compensation.<sup>164</sup> As we shall demonstrate, however, the Patent, Copyright, and Lanham Acts proceed on precisely the opposite assumption: namely, that the states

161. See *Jacobs Wind Elec. Co. v. Florida Dep't of Transp.*, 919 F.2d 726, 728 (Fed. Cir. 1990) (affirming the dismissal of a patent infringement claim against a state entity, but stating that the plaintiff could assert a takings claim against the defendant in state court); *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 948 F. Supp. 400, 426 (D.N.J. 1996) (suggesting that the state entity's use of the patent effected a taking without just compensation), *aff'd*, 131 F.3d 353 (3d Cir. 1997), *cert. granted*, 67 U.S.L.W. 3127 (U.S. Jan. 8, 1999) (No. 98-149), and *aff'd*, 148 F.3d 1343 (Fed. Cir. 1998), *cert. granted*, 67 U.S.L.W. 3279 (U.S. Jan. 8, 1999) (No. 98-531); *Lemelson v. Ampex Corp.*, 372 F. Supp. 708, 710-13 (N.D. Ill. 1974) (same); *Jacobs Wind Elec. Co. v. Department of Transp.*, 626 So. 2d 1333, 1335-37 (Fla. 1993) (holding that a state court has jurisdiction to decide whether a defendant effected a taking of a patent); *Wilcox Indus., Inc. v. State*, 607 N.E.2d 514, 515-16 (Ohio Ct. App. 1992) (concluding that a plaintiff who alleged that the state used his patented invention without permission had a cause of action under the eminent domain theory, but that the appropriate forum was a state court of claims rather than a state court of general jurisdiction); Roberta Rosenthal Kwall, *Governmental Use of Copyrighted Property: The Sovereign's Prerogative*, 67 Tex. L. Rev. 685, 692-726 (1989) (arguing, among other things, that state uses of copyrights may implicate the Fifth Amendment); *cf.* *Chew v. California*, 893 F.2d 331, 336 (Fed. Cir. 1990) (affirming the dismissal of a patent infringement claim against the State of California on Eleventh Amendment grounds, and suggesting that the plaintiff's claim, like claims against United States under 28 U.S.C. § 1498, "is based on principles related to the taking of property," but declining to speculate as to whether the plaintiff was entitled to remedy under state law); *A.C. Aukerman Co. v. State*, 902 S.W.2d 576, 578-79 (Tex. Ct. App. 1995) (affirming judgment for the state, in a case involving the alleged taking of a patented process, in light of a lack of evidence that the state actually participated in unlawful use, and distinguishing *Jacobs Wind* and *Wilcox* on the ground that in both cases there was clearly a taking).

162. See *infra* notes 168-73 and accompanying text.

163. See *infra* notes 174-213 and accompanying text.

164. See *First English Evangelical Lutheran Church v. County of Los Angeles*, 482 U.S. 304, 314 (1987) (stating that the Fifth Amendment "does not prohibit the taking of private property, but instead places a condition on the exercise of that power"). The Fifth Amendment "is designed not to limit the governmental interference with property rights per se, but rather to secure *compensation* in the event of otherwise proper interference amounting to a taking." *Id.* at 315.

have *no* right to infringe rights protected under the federal intellectual property laws.

Furthermore, as we demonstrate in sections B and C, there are at least two additional reasons why the takings theory cannot sustain most applications of the Remedy Clarification Acts. First, under the Supreme Court's decision in *Williamson County Regional Planning Commission v. Hamilton Bank*,<sup>165</sup> a state that takes private property does not violate the Takings Clause until it refuses to pay the owner just compensation; as a result, the assertion of a takings claim against a state in federal court is not ripe until the state has first denied compensation in a state inverse-condemnation suit, a condition that is noticeably lacking from the Remedy Clarification Acts.<sup>166</sup> Second, at least some uses of intellectual property by state actors for which the states themselves would be vicariously liable under the Remedy Clarification Acts are likely to rest upon insufficient legislative authorization to implicate the Fifth Amendment.<sup>167</sup> This latter argument suggests that, even if our other arguments were incorrect, at best the takings theory would support only *some* applications of the Remedy Clarification Acts.

#### A. Preemption

As a general rule, the Takings Clause is implicated when, among other things, (1) the state has deprived the claimant of a property interest;<sup>168</sup> (2) the deprivation is for a "public purpose;"<sup>169</sup> and (3) the deprivation is authorized, "expressly or by necessary implication," by the appropriate legislative body.<sup>170</sup> For present purposes, we shall assume that most (though probably not all) state uses of intellectual property without the owner's consent deprive the owner of a property interest.<sup>171</sup> We also shall assume that most such deprivations that are

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165. 473 U.S. 172 (1985).

166. See *infra* notes 214-44 and accompanying text.

167. See *infra* notes 245-62 and accompanying text.

168. See *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1000-04 (1984).

169. *Id.* at 1000-01, 1014-16.

170. *Hoe v. United States*, 218 U.S. 322, 335 (1910).

171. Some support for this proposition can be found in *Monsanto*, 467 U.S. at 1001-04, in which the Supreme Court held that trade secrets (defined *infra* at note 178) are a form of property subject to the Takings Clause and in several older cases in which the Court strongly suggested that patents are property as well. See, e.g., *James v. Campbell*, 104 U.S. 356, 357-58 (1881) (stating that the patentee has an exclusive property interest "which cannot be appropriated or used by the government itself, without just compensation"). Moreover, the factors the Court cited in *Monsanto* as reasons for concluding that trade secrets are property, such as the fact that they are assignable and may form the corpus of a trust, see 467 U.S. at 1002, apply as well to copyrights and trademarks. See Thomas F. Cotter, *Do Federal Uses of Intellectual Property Implicate the Fifth Amendment?*, 50 Fla. L. Rev. 529, 566 (1998). A few intellectual property rights are difficult to classify as property under these criteria, however. These include moral rights, which are not assignable, see *id.* at 567, as well as the unfair competition rights to be free from false advertising and product dispar-

remediable under the Remedy Clarification Acts, assuming that the latter are constitutional, also satisfy the public use requirement.<sup>172</sup> The authorization element presents greater difficulties, which we discuss in a subsequent section.<sup>173</sup>

Even when these requirements are satisfied, however, the state's use of or interference with private property does not necessarily constitute a taking. In the real property context, for example, a physical occupation of property (or a regulation authorizing a physical occupation) is almost always viewed as effecting a taking,<sup>174</sup> even when it amounts only to the imposition of an easement or servitude.<sup>175</sup> At the same time, a regulation that interferes with use or enjoyment but that does not cause a physical invasion may escape classification as a taking, unless it destroys all or most of the value of the subject property.<sup>176</sup> With regard to intellectual property, however, the law is

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agement. *See* *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 131 F.3d 353, 361 (3d Cir. 1997) (concluding that, "just because the state's actions impact on a private business does not mean that" the right to be free from false advertising is a property interest), *cert. granted*, 67 U.S.L.W. 3127 (U.S. Jan. 8, 1999) (No. 98-149); *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 948 F. Supp. 400, 426-28 (D.N.J. 1996) *aff'd*, 131 F.3d 353 (3d Cir. 1997), *cert. granted*, 67 U.S.L.W. 3127 (U.S. Jan. 8, 1999) (No. 98-149), and *aff'd*, 148 F.3d 1343 (Fed. Cir. 1998), *cert. granted*, 67 U.S.L.W. 3279 (U.S. Jan. 8, 1999) (No. 98-531); Cotter, *supra*, at 568; *see also infra* notes 274-94 and accompanying text (discussing whether intellectual property is "property" for purposes of procedural due process).

172. The public use element is "coterminous with the scope of a sovereign's police powers" and is satisfied as long as the taking has some "conceivable public character." *Monsanto*, 467 U.S. at 1014 (citation omitted). In light of this standard, most uses of intellectual property by state actors for which the state is vicariously liable if the Remedy Clarification Acts are constitutional probably satisfy the public use element. As noted above, the doctrine of vicarious liability renders an employer liable for torts committed by an employee within the scope of her employment, and an employee's conduct is normally deemed to be within the scope of her employment if the purpose of serving the employer's business actuates the employee's conduct to any appreciable extent. *See* Restatement (Second) of Agency § 237 cmt. a (1958). If a state can be vicariously liable only when a state actor's use of intellectual property is intended to some appreciable extent to serve the state's "business," it seems likely that the use will be cloaked with some "conceivable public character." *Cf. infra* note 432 and accompanying text (discussing whether state uses of intellectual property are likely to be arbitrary and capricious). *But see supra* note 157 (noting that the scope of vicarious liability in copyright is more expansive than under traditional tort doctrine).

173. *See infra* notes 245-62 and accompanying text.

174. *See, e.g., Lucas v. South Carolina Coastal Council*, 505 U.S. 1003, 1015 (1992) ("In general (at least with regard to permanent invasions), no matter how minute the intrusion, and no matter how weighty the public purpose behind it, we have required compensation.").

175. *See Loretto v. Teleprompter Manhattan CATV Corp.*, 458 U.S. 419, 426 (1982); *Kaiser Aetna v. United States*, 444 U.S. 164, 180 (1979).

176. *See Lucas*, 505 U.S. at 1015 (holding that state effects taking when "regulation denies all economically beneficial or productive use of land"); *see also id.* at 1027 ("Where the State seeks to sustain regulation that deprives land of all economically beneficial use, we think it may resist compensation only if the logically antecedent inquiry into the nature of the owner's estate shows that the proscribed use interests were not part of his title to begin with."); Laurence H. Tribe, *American Constitutional*

somewhat less clear. On the one hand, in a series of federal cases dating from 1881 to the present day, courts have sometimes referred to the use by the federal government of patented inventions as takings of private property for public use.<sup>177</sup> On the other hand, in the most recent Supreme Court decision dealing with an alleged taking of intellectual property (specifically, trade secrets),<sup>178</sup> the Court considered the character of the governmental action, its impact, and its effect upon expectations to find that a federal statute operated to effect a taking with respect to some, but not all, trade secret information submitted to the federal government over a period of time.<sup>179</sup> This ostensible disparity in approaches has led to widely varying conclusions as to whether most, some, or very few federal uses of intellectual property qualify as takings.<sup>180</sup>

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Law § 9-3, at 593 n.3 (2d ed. 1988) (noting that the Court has sustained "[u]ncompensated losses in excess of 75% of a property's value caused by regulation").

177. See, e.g., *James v. Campbell*, 104 U.S. 356, 358 (1881) (stating that a patent "confers upon the patentee an exclusive property in the patented invention which cannot be appropriated or used by the government itself, without just compensation"); *Hughes Aircraft Co. v. United States*, 86 F.3d 1566, 1571 (Fed. Cir. 1996) ("The government's unlicensed use of a patented invention is properly viewed as a taking of property under the Fifth Amendment through the government's exercise of its power of eminent domain . . ."), *vacated on other grounds and remanded*, 520 U.S. 1183 (1997); *Leesona Corp. v. United States*, 599 F.2d 958, 964 (Ct. Cl. 1979) ("When the government has infringed, it is deemed to have 'taken' the patent license under an eminent domain theory, and compensation is the just compensation required by the fifth amendment."). But see *De Graffenried v. United States*, 29 Fed. Cl. 384, 386-89 (1993) (concluding that statements like the preceding ones are dicta, and that in reality federal uses of patented inventions do not implicate the Fifth Amendment).

178. Under the Uniform Trade Secret Act, which has been adopted in a majority of states, a trade secret is:

[I]nformation, including a formula, pattern, compilation, program, device, method, technique, or process, that . . . derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and . . . is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Unif. Trade Secrets Act § 1(4) (amended 1985), 14 U.L.A. 438 (1990). The Remedy Clarification Acts do not purport to render the states amenable to suit in federal court for the misappropriation of trade secrets.

179. See *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1005-16 (1984). The plaintiff, a pesticide manufacturer, claimed that certain provisions of a federal statute, requiring it to submit to the Environmental Protection Agency information relating to its products, effected a taking for public use. See *id.* at 998-99. The Court agreed that the government's use or disclosure, in accordance with statutory criteria, of data submitted between 1972 and 1978 could effect a taking for public use, but that no such use or disclosure had yet been proven. See *id.* at 1010-20. Use of information submitted before and after these dates, however, would not effect a taking, because under the criteria in place at those times the manufacturer had no reasonable expectation that the information it submitted to the government would remain confidential. See *id.* at 1006-10; see also Cotter, *supra* note 171, at 550-55 (discussing *Monsanto*).

180. Compare Kwall, *supra* note 161 (arguing that many governmental uses of intellectual property effect takings), with Vázquez, *supra* note 101, at 1745 n.281 (argu-

In a companion article, one of us attempts to reconcile the preceding authorities and to determine under what circumstances the use of intellectual property by the federal government constitutes a taking for public use.<sup>181</sup> Without attempting to exhaustively address this issue here, we shall assume that many—perhaps most—federal uses of patents, copyrights, and trademarks are more like the imposition of easements upon land than they are like the regulation of use or enjoyment, and that as a consequence these uses may constitute takings, even if they deprive the owner of only a small portion of the value of her property.<sup>182</sup> As we shall demonstrate, however, even if this conclusion is correct, it does not follow that the Remedy Clarification Acts should be read as enforcing the Takings Clause against the *states*, for to assume that they do means that states may condemn federal rights—a rather odd conclusion, in light of the language of the acts themselves.<sup>183</sup>

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ing that only those uses that “virtually destroy” the property’s value qualify as takings (quoting *Tribe*, *supra* note 176, § 9-3, at 593)).

181. See *Cotter*, *supra* note 171, at 558-65.

182. See *id.* (largely adopting this view).

183. Of course, the preemption argument that follows in the text above would fail if the Tenth Amendment—which states that “[t]he 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”—prevented Congress from preempting a state’s eminent domain power over federal intellectual property rights. Any argument that the Tenth Amendment compels this result is tenuous, however, in light of *Garcia v. San Antonio Metropolitan Transit Authority*, 469 U.S. 528 (1985). In *Garcia*, the Court held that any limit imposed by the Tenth Amendment upon Congress’s power to regulate the states when enacting legislation within the scope of its power to regulate interstate commerce is judicially unenforceable. See *id.* at 555-57. As Vázquez notes, the Court “backtracked somewhat,” *supra* note 101, at 1704, by holding, in *New York v. United States*, 505 U.S. 144, 166-67 (1992), that Congress may not single out the states by imposing upon them duties that are not applicable to nonstate actors. See also *Printz v. United States*, 117 S. Ct. 2365, 2383 (1997) (reaffirming *New York*). Nevertheless, Congress generally appears to retain the power to regulate the states in the same manner as it may regulate private parties. See Vázquez, *supra* note 101, at 1704.

In her 1989 article on the intersection of takings and copyright law, *supra* note 161, Professor Kwall argues that, even after *Garcia*, the Tenth Amendment precludes Congress from preempting states’ eminent domain powers pursuant to § 201(e) of the Copyright Act. Section 201(e) states that:

When an individual author’s ownership of a copyright, or of any of the exclusive rights under a copyright, has not previously been transferred voluntarily by that individual author, no action by any governmental body or other official or organization purporting to seize, expropriate, transfer, or exercise rights of ownership with respect to the copyright, or any of the exclusive rights under a copyright, shall be given effect under this title, except as provided under [the Bankruptcy Code].

17 U.S.C. § 201(e) (1994). As Kwall demonstrates, Congress added this provision to the 1976 Copyright Act in order to preclude the Soviet Union from inhibiting the distribution in the United States of works of dissident Soviet authors by claiming ownership of their works, which only recently had become eligible for copyright protection in the United States following the U.S.S.R.’s accession to the Universal Copyright Convention. See Kwall, *supra* note 161, at 695-96. Kwall notes, however,

We begin with the familiar preemption analysis as described by the Supreme Court most recently in cases such as *Cipollone v. Liggett Group, Inc.*,<sup>184</sup> *Freightliner Corp. v. Myrick*,<sup>185</sup> and *Medtronic, Inc. v. Lohr*.<sup>186</sup> Under the Supremacy Clause of the Constitution, all laws of the United States "shall be the supreme Law of the Land . . . any Thing in the Constitution or Laws of any State to the Contrary

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that a literal reading of § 201(e) might forbid the states as well as the federal government of the United States from effecting takings of copyrights. *See id.* at 696-97. While conceding that, in *Garcia*, the Supreme Court "abdicated the responsibility . . . of reviewing federal regulations promulgated under the commerce clause to ensure their compliance with the principles of federalism," *id.* at 708, Kwall argues that § 201(e), if read as a prohibition on the exercise of the states' eminent domain powers, nevertheless might be invalid under the Tenth Amendment because: (1) *Garcia* expressly addresses Congress's power to legislate under the Commerce Clause, and not other provisions of the Constitution such as the Patent and Copyright Clause, *see id.* at 708-09; (2) *Garcia* alludes to the continued existence of *some* limits imposed by the Tenth Amendment upon Congress's power to regulate the states pursuant to the Commerce Clause, and the elimination of a state's power to effect takings of copyrights "arguably is so 'destructive of state sovereignty' that it necessitates judicial intervention, even under the rationale of *Garcia*," *id.* at 710 (quoting *Garcia*, 469 U.S. at 554); (3) even under a deferential standard of review, which would uphold an act that promotes a legitimate end "as long as the means adopted 'are plainly adapted' to the end, 'are not prohibited,' and are 'consistent with the letter and spirit of the constitution,'" *id.* (quoting *McCulloch v. Maryland*, 17 U.S. (4 Wheat.) 316, 421 (1819)), the justifications for § 201(e) are "questionable," given the lack of evidence that copyright is an effective tool of censorship, *id.*; and (4) § 201(e) does not evince a sufficiently clear statement of Congress's intent to eliminate a sovereign state function, *see id.* at 710-11.

We nevertheless conclude that the Tenth Amendment provides few obstacles to the abrogation of state taking powers with regard to federal intellectual property rights. For one thing, any relevant distinction between Congress's power to impose obligations upon the states when acting pursuant to its commerce power and when acting pursuant to other powers under Article I seems dubious in light of *Seminole Tribe*. *See Seminole Tribe v. Florida*, 517 U.S. 44, 65-66 (1996) (apparently holding that Congress may not abrogate sovereign immunity when acting pursuant to Commerce Clause, *or any other* Article I power). Moreover, whatever the state of the law may have appeared to be when Kwall wrote her article in 1989, as Vázquez notes "*Garcia* has come to be understood as holding that the Tenth Amendment does not place limits on Congress's power to regulate the states," except perhaps when "extraordinary defects in the national political process" are present. Vázquez, *supra* note 101, at 1704 n.97 (quoting *South Carolina v. Baker*, 485 U.S. 505, 512 (1988)). Precluding the states from condemning federal intellectual property rights—which, as Kwall herself concedes, is something the states themselves have rarely, if ever, expressly claimed the power to do in the first place, *see Kwall, supra* note 161, at 694, 705-06 n.102—hardly seems so extraordinarily destructive of state sovereignty as to require intervention under current law. Finally, even if § 201(e) lacks sufficient justification for the elimination of eminent domain powers, the later-enacted Remedy Clarification Acts seem to have been adopted specifically for the legitimate end of preventing the states from enjoying an advantage over private parties with respect to the use of intellectual creations, *see supra* notes 8, 140-48 and accompanying text, and therefore almost certainly would pass muster under a deferential standard of review.

184. 505 U.S. 504 (1992).

185. 514 U.S. 280 (1995).

186. 518 U.S. 470 (1996).



notwithstanding.”<sup>187</sup> While cautioning that a court should start with “the assumption that the historic police powers of the States were not to be superseded by [a] Federal Act unless that was the clear and manifest purpose of Congress,”<sup>188</sup> the Court has stated that the “ultimate touchstone”<sup>189</sup> in determining whether federal and state law so conflict that the latter is without effect is the intent of Congress.<sup>190</sup>

Congress’ intent may be “explicitly stated in the statute’s language or implicitly contained in its structure and purpose.” In the absence of an express congressional command, state law is pre-empted if that law actually conflicts with federal law, or if federal law so thoroughly occupies a legislative field “as to make reasonable the inference that Congress left no room for the State to supplement it.”<sup>191</sup>

More specifically, state law is implicitly preempted “where it is ‘impossible for a private party to comply with both state and federal requirements,’ or where state law ‘stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress.’”<sup>192</sup> On a number of occasions, courts have considered whether federal statutes or regulations expressly or implicitly preempted the states from effecting takings of property through their eminent domain powers.<sup>193</sup>

An illustrative case is *Hayfield Northern Railroad Co. v. Chicago & North Western Transportation Co.*<sup>194</sup> In *Hayfield*, a group of shippers sought to make use of a Minnesota statute to condemn a segment of a railroad line that a railroad abandoned in accordance with the procedures set forth under the Staggers Rail Act, a federal statute.<sup>195</sup> In

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187. U.S. Const. art. VI, cl. 2.

188. *Medtronic*, 518 U.S. at 485 (quoting *Rice v. Santa Fe Elevator Corp.*, 331 U.S. 218 (1947)).

189. *Id.* (quoting *Retail Clerks v. Schermerhorn*, 375 U.S. 96, 103 (1963)).

190. *See Cipollone*, 505 U.S. at 516.

191. *Id.* (citations omitted).

192. *Freightliner Corp. v. Myrick*, 514 U.S. 280, 287 (1995) (citations omitted).

193. *See, e.g., Hayfield N. R.R. Co. v. Chicago & N.W. Transp. Co.*, 467 U.S. 622, 637 (1984) (holding that the Staggers Rail Act of 1980 did not preempt condemnation of abandoned rail property); *Union Ctr. Redevelopment Corp. v. National R.R. Passenger Corp.*, 103 F.3d 62, 65-67 (8th Cir. 1997) (holding that the Rail Passenger Service Act preempted the application of Missouri condemnation law); *City of Stilwell v. Ozarks Rural Elec. Coop. Corp.*, 79 F.3d 1038, 1046 (10th Cir. 1996) (holding that the Rural Electrification Act (“REA”) did not preempt condemnation of electric facilities and service rights in area annexed by city); *City of Morgan City v. South La. Elec. Coop. Ass’n*, 31 F.3d 319, 324 (5th Cir. 1994) (holding that the REA did preempt condemnation); *City of Madison v. Bear Creek Water Ass’n*, 816 F.2d 1057, 1061 (5th Cir. 1987) (holding that the Consolidated Farm and Rural Development Act preempted condemnation of rural water utility); *Grace Geothermal Corp. v. Northern Cal. Power Agency*, 619 F. Supp. 964, 973 (N.D. Cal.) (finding that the plaintiff was likely to prevail on the merits on the issue of whether the Geothermal Steam Act of 1970 preempted condemnation of geothermal leases that the plaintiff had acquired from the federal government under the Act), *aff’d mem.*, 770 F.2d 170 (9th Cir. 1985).

194. 467 U.S. 622 (1984).

195. *See id.* at 625-26.

holding that the federal act did not preempt the use of the state eminent domain power, the Court noted, first, that the "case present[ed] no issue of express pre-emption," because nothing on the face of the federal act "explicitly indicates whether Congress intended to preempt state authority over rail property after the [Interstate Commerce] Commission has authorized its abandonment."<sup>196</sup> Turning next to the issue of implicit preemption, the Court concluded, first, that federal regulation was not so pervasive as to leave no room for application of the state's eminent domain power, noting that "state law normally governs the condemnation of ordinary real property," and that the Interstate Commerce Commission's jurisdiction over the subject property normally would terminate upon its issuance of a certificate of abandonment.<sup>197</sup> Second, the Court reasoned that application of the state law would not frustrate the purposes of the federal act, inasmuch as (1) condemnation would occur only after the abandonment had been effected; and (2) the federal act did not confer upon the railroad an absolute right to shift property from the abandoned line to its highest-valued use.<sup>198</sup>

Congress's intent to preempt the states from effecting takings of patent, copyright, and trademark licenses, by contrast, is both explicit and emphatic, *particularly* in light of the Remedy Clarification Acts. As noted above, these acts clearly evidence an intent to subject the states to liability "in the same manner and to the same extent as any nongovernmental entit[ies],"<sup>199</sup> and to render the states amenable to all of the remedies available under federal intellectual property law, including injunctive relief, enhanced damages, and attorney's fees.<sup>200</sup> Authorizing the courts to impose remedies of this nature upon the states, however, is inconsistent with allowing the states to "take" intellectual property licenses upon the payment of just compensation. The remedy for a taking of private property for public use is "just compensation," meaning the "full monetary equivalent of the property taken."<sup>201</sup> While there are different methods for determining precisely what "just compensation" entails,<sup>202</sup> it generally does not in-

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196. *Id.* at 627-28.

197. *Id.* at 632-34.

198. *See id.* at 634-36.

199. 35 U.S.C. § 271(h) (1994); *accord* 15 U.S.C. § 1114(1) (1994); 17 U.S.C. § 501(a) (1994).

200. *See* 7 U.S.C. § 2570 (1994); 15 U.S.C. § 1122; 17 U.S.C. § 511; 35 U.S.C. § 296.

201. *Blanchette v. Connecticut Gen. Ins. Corp. (Regional Rail Reorganization Act Cases)*, 419 U.S. 102, 150 (1974) (quoting *United States v. Reynolds*, 397 U.S. 14, 16 (1970)); *see also* Kwall, *supra* note 161, at 718 (noting that the Supreme Court has defined just compensation as "the full and perfect equivalent in money of the property taken," which should place claimant "in as good [a] position pecuniarily as he would have occupied if his property had not been taken" (quoting *United States v. Miller*, 317 U.S. 369, 373 (1943))).

202. *See* Kwall, *supra* note 161, at 719-21 (discussing fair market value, value to owner, and income capitalization methods).

clude injunctive relief,<sup>203</sup> punitive or other enhanced damages,<sup>204</sup> or attorney's fees.<sup>205</sup> In the context of the Remedy Clarification Acts, in other words, Congress appears to have "create[d] an entitlement to be free of takings in lieu of the constitutional requirement of compensation for takings."<sup>206</sup>

Congress's intent to subject the states to suit "in the same manner and to the same extent" as private entities precludes the takings theory for another reason as well. One of the principal features of American intellectual property law is to eschew the use of compulsory licenses in all but a few circumstances.<sup>207</sup> One of those few circumstances is set forth at 28 U.S.C. § 1498, which obligates the federal government (but not the states) to pay "reasonable and entire compensation" for the manufacture or use of a patented invention or copyrighted work without the owner's permission.<sup>208</sup> Permitting the states to exercise their eminent domain powers over intellectual property therefore would allow the states in effect to "take" compulsory licenses in situations in which private individuals are not allowed to do

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203. See *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1016 (1984). Of course, if the state refuses or is otherwise unable to pay just compensation, injunctive relief may be available to remedy the now-unconstitutional taking of property. See, e.g., *Eastern Enters. v. Apfel*, 118 S. Ct. 2131, 2144-46 (1998) (O'Connor, J., plurality opinion) ("[T]he Declaratory Judgment Act 'allows individuals threatened with a taking to seek a declaration of the constitutionality of the disputed governmental action before potentially uncompensable damages are sustained.'" (quoting *Duke Power Co. v. Carolina Envtl. Study Group, Inc.*, 438 U.S. 59, 71 n.15 (1978))). As explained *infra* at note 213, however, we are aware of no authority holding that, under these circumstances, injunctive relief is available directly against the state itself, as opposed to against the individual state actor under the doctrine of *Ex parte Young*.

204. At least some states, however, do permit the awarding of punitive damages in inverse condemnation actions in some very limited circumstances. See, e.g., *Beachy v. Board of Aviation Comm'rs*, 699 F. Supp. 742, 746 (S.D. Ind. 1988) (stating that "proof of tortious or malicious conduct warrants punitive damages in inverse condemnation action" under Indiana law (citing *Indiana & Mich. Elec. Co. v. Stevenson*, 363 N.E.2d 1254, 1261 (Ind. App. 1977))).

205. See *United States v. Bodcaw Co.*, 440 U.S. 202, 203 (1979) (stating that "[a]ttorneys' fees and expenses are not embraced within just compensation" to which a property owner is entitled in an inverse condemnation action (quoting *Dohany v. Rogers*, 281 U.S. 362, 368 (1930))). The Court left open the possibility, however, that there might be some unusual circumstances under which an exception to this rule would be recognized. See *id.* at 203 & n.2 (noting that in *United States v. Lee*, 360 F.2d 449 (5th Cir. 1966), the court awarded property owner expenses incurred in having land survey made, where government had misrepresented amount of land to be taken).

206. *Rose Acre Farms, Inc. v. Madigan*, 956 F.2d 670, 673 (7th Cir. 1992) (addressing the issue of whether federal agricultural statutes create such an entitlement).

207. See *Blair & Cotter, supra* note 31, at 1614 n.137 (listing the circumstances under which U.S. law requires an intellectual property owner to license another to use her property).

208. 28 U.S.C. § 1498(a)-(b) (1994). The courts sometimes characterize this statute as creating a compulsory licensing scheme. See, e.g., *Motorola, Inc. v. United States*, 729 F.2d 765, 768 (Fed. Cir. 1984) (citations omitted) (stating that, in a § 1498(a) action, "the United States is not in the position of an ordinary infringer, but rather a compulsory, nonexclusive licensee").

so. Of course, if Congress desires only to enforce the Takings Clause against the states, it *can* permit the states to take compulsory licenses in exchange for compensation—perhaps simply by making § 1498 applicable to them. By forbidding the unauthorized use of intellectual property, however, even when accompanied by an offer of just compensation, the Remedy Clarification Acts reflect quite a different intent.

Finally, while the Court in *Seminole Tribe* did not address the constitutionality of the Remedy Clarification Acts and therefore cannot be expected to have thought the matter through to its full extent, some dicta in the opinion suggests that the majority may agree with the preemption analysis sketched above. As noted above, in response to Justice Stevens's argument in dissent that the holding in *Seminole Tribe* would leave claimants with no remedy against states that violated their rights under federal copyright, bankruptcy, and antitrust laws,<sup>209</sup> the majority asserted that "several avenues remain open for ensuring state compliance with federal law," including "obtain[ing] injunctive relief under *Ex parte Young* in order to remedy a state officer's ongoing violation of federal law."<sup>210</sup> As the Court had earlier noted in *Ruckelshaus v. Monsanto Co.*, however, injunctive relief "is not available to enjoin an alleged taking of private property for a public use, duly authorized by law, when a suit for compensation can be brought against the sovereign subsequent to the taking."<sup>211</sup> Thus, if state uses of intellectual property are properly viewed as takings of private property for which just compensation is due, an *Ex parte Young* order enjoining the state actor from effecting the taking may be inappropriate.<sup>212</sup> While not determinative, the Court's observation that it may be proper to enjoin a state actor from the unauthorized use of a copyright suggests that the Court reads the federal intellectual property laws as preempting the states from exercising their power of eminent domain over federal intellectual property rights.<sup>213</sup>

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209. See *Seminole Tribe v. Florida*, 517 U.S. 44, 77 n.1 (1996) (Stevens, J., dissenting).

210. See *id.* at 72 n.16 (citation omitted).

211. 467 U.S. 986, 1016 (1984) (footnote and citation omitted).

212. This assumes that a state forum would be available in which to litigate an intellectual property takings claim against the state. At least two state courts have concluded that states may litigate intellectual property takings claims, notwithstanding the federal courts' exclusive subject matter jurisdiction over some intellectual property infringement actions, because a takings claim is not the same as an infringement action. See *supra* note 161 and accompanying text; see also *infra* notes 220-23 and accompanying text (discussing this issue in greater detail).

213. We agree that the Remedy Clarification Acts' conversion into a wrongful act of what would otherwise be a lawful exercise of the eminent domain power (as long as just compensation were paid) should leave the aggrieved intellectual property owner with a cause of action under *Ex parte Young* to sue the state actor who effects the taking for prospective injunctive relief. Cf. *Idaho v. Coeur d'Alene Tribe*, 117 S. Ct. 2028, 2044 (1997) (O'Connor, J., concurring in part) (suggesting that, where state officials acting without valid authority effect takings of property, a federal court "could

In short, Congress's intent in enacting the intellectual property laws in general and the Remedy Clarification Acts in particular is about as clear as one can ever be: namely, that states making unauthorized uses of intellectual property are not exercising their lawful power of eminent domain over property, but rather are in violation of federal law. Given this reality, it is difficult to perceive how Congress could forbid the states from effecting takings of intellectual property and, at the same time, claim that it is enforcing the Takings Clause, which *allows* the states to effect takings upon payment of just compensation.

### B. *Ripeness*

Even if our preemption analysis were incorrect, two other reasons would seriously weaken the takings theory as a basis for sustaining the Remedy Clarification Acts. For purposes of this and the following section, therefore, we shall assume—contrary to the preceding analysis—that the Remedy Clarification Acts can be viewed as in some way

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find that the officials had no right to remain in possession, thus conveying all the incidents of ownership to the plaintiff, while not formally divesting the State of its title"); *Land v. Dollar*, 330 U.S. 731, 738 (1947) (stating that federal "officials may become tort-feasors by exceeding the limits of their authority," and that "where they unlawfully seize or hold a citizen's realty or chattels," an aggrieved owner "is not relegated to the Court of Claims to recover a money judgment"); *Perry v. United States*, 28 Fed. Cl. 82, 85 (1993) (stating that "unlawful action . . . cannot be the predicate for a fifth amendment takings claim").

In correspondence, Professor Paul Heald agrees with us that the Remedy Clarification Acts render any exercise by the states of their power of eminent domain over federal intellectual property rights unlawful, but he argues that the aggrieved owner then has the option of suing *either* the state actor for injunctive relief *or* the state itself for just compensation. E-mail from Paul J. Heald, Associate Professor of Law, University of Georgia School of Law, to Thomas F. Cotter 1 (Apr. 6, 1998) (on file with authors). If so, then perhaps the Remedy Clarification Acts can be viewed as an effort to enforce a Fifth Amendment right to exercise this option. *Compare* *First English Evangelical Lutheran Church v. County of Los Angeles*, 482 U.S. 304, 318-19 (1987) (holding that a property owner is entitled to just compensation for temporary regulatory taking that the property owner suffers prior to state court's invalidation of regulation), *with id.* at 315 (stating that Fifth Amendment is designed "to secure *compensation* in the event of otherwise proper interference amounting to a taking"). It is not clear to us, however, that the Fifth Amendment does compel this option, when the state effects a taking that is forbidden by federal statute (as opposed to one that is permitted as long as accompanied by just compensation). Those cases in which courts have held that federal legislation preempts a state's eminent domain power, *see supra* note 193, do not address this issue. Nor is this surprising; if the aggrieved property owners in those cases had been satisfied with recovering just compensation in lieu of injunctive relief, there would have been no need for the courts to decide the preemption issue. Moreover, even if Heald is correct in asserting that the owner has a constitutional right to opt for suing the state itself when the state effects a taking that is forbidden by federal law, at most this theory would render the state liable for just compensation, and not for the full panoply of remedies provided for under federal law. A significant portion of the Remedy Clarification Acts would be gutted. *See infra* notes 224-44 and accompanying text (discussing Congress's power to enforce, not expand, rights guaranteed under Fourteenth Amendment section 1); notes 439-46 and accompanying text (discussing severability). There also would be a significant ripeness issue, which we discuss in the following section.

attempting to enforce the Takings Clause against the states. Even so, Congress arguably lacks the power to enforce the Takings Clause in the manner contemplated by the Remedy Clarification Acts, because in most instances to do so would render the states amenable to suit in federal court at a point in time *before* any violation of the Takings Clause has occurred.

Our argument in this section is based upon *Williamson County Regional Planning Commission v. Hamilton Bank*,<sup>214</sup> a case in which the Supreme Court held that a takings claim against a state entity does not ripen until the claimant has first sought compensation in a state forum.<sup>215</sup> The logic behind this rule is straightforward: because the Fifth Amendment (as incorporated into the Fourteenth) does not prohibit the states from effecting takings for public use, but rather only from doing so without at least a subsequent<sup>216</sup> payment of just compensation, the state does not violate the Amendment until it refuses to pay.<sup>217</sup> Thus, as long as a state renders itself amenable to inverse con-

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214. 473 U.S. 172 (1985).

215. *See id.* at 195. In *Williamson Planning Commission*, the plaintiff filed an action in federal district court pursuant to 42 U.S.C. § 1983, alleging that a state regional planning commission's application of certain zoning regulations effected a taking of its property without just compensation. *See id.* at 182. The Supreme Court ultimately held that the claim was "premature," *id.* at 185, because the plaintiff had neither "obtained a final decision regarding the application of the zoning ordinance and subdivision regulations to its property, nor utilized the procedures Tennessee provides for obtaining just compensation." *Id.* at 186. The Court explained that, if the state affords "an adequate process for obtaining compensation, and if resort to that process 'yield[s] just compensation,' then the property owner 'has no claim against the Government' for a taking . . ." *Id.* at 194-95 (quoting *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1013, 1018 n.21 (1984)). Noting that Tennessee law generally permits property owners to file inverse condemnation actions against the appropriate government entity, the Court concluded that the plaintiff's claim was not ripe until it either had used that procedure or showed the procedure to be unavailable or inadequate. *See id.* at 196-97.

216. *See Monsanto*, 467 U.S. at 1016 ("The Fifth Amendment does not require that compensation precede the taking." (citing *Hurley v. Kincaid*, 285 U.S. 95, 104 (1932))).

217. *See Williamson Planning Comm'n*, 473 U.S. at 194 n.13 (stating that "because the Fifth Amendment proscribes takings *without just compensation*, no constitutional violation occurs until just compensation has been denied"); *id.* at 194-95 (stating that, if a government provides adequate process for obtaining compensation and that process yields compensation, the "property owner 'has no claim against the Government' for a taking" (quoting *Monsanto*, 467 U.S. at 1018 n.21)); *id.* at 195 (finding that, where the state "provides an adequate procedure for seeking just compensation, the property owner cannot claim a violation of the Just Compensation Clause until it has used the procedure and been denied just compensation"); *id.* (noting that the owner "has not suffered a violation of the Just Compensation Clause until the owner has unsuccessfully attempted to obtain just compensation through the procedures provided by the State for obtaining such compensation"); *id.* (observing that the Just Compensation Clause does not require pretaking process or compensation).

We note, however, that there is some tension between the preceding statements and the Court's more recent description of *Williamson Planning Commission* as establishing "prudential hurdles to a regulatory taking claim brought against a state entity in federal court." *Suitum v. Tahoe Reg'l Planning Agency*, 117 S. Ct. 1659, 1664-65

demnation actions in its own courts, a property owner wishing to challenge a regulation that diminishes the value of his property cannot assert that the state has taken that property without just compensation until the state court rejects his claim.<sup>218</sup> Affording intellectual property owners a federal forum without first requiring them to proceed with an inverse condemnation action in state court (where such an action is available) therefore cannot be justified on the basis of the Takings Clause; until the state court has entered judgment against the owner, no violation has occurred.<sup>219</sup>

We can conceive of two possible objections to this line of reasoning, though neither one appears very promising. The first is that no state forum *is* available—at least not in cases involving alleged takings of patents and copyrights—because the federal courts have exclusive jurisdiction over all actions arising under the Patent and Copyright Acts.<sup>220</sup> The fact that federal courts have exclusive jurisdiction over claims for patent and copyright infringement, however, cannot mean that the states are powerless to hear cases involving an alleged *taking* of a patent or copyright, *if* (as we are assuming for purposes of this section) states retain some power of eminent domain over federal intellectual property rights. State courts have jurisdiction to hear other types of cases incidentally involving the patent and copyright laws

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(1997). If the Court really means that *Williamson Planning Commission's* requirement that the owner first seek compensation from the state is only prudential, rather than constitutionally mandated, then presumably Congress could modify or even eliminate this requirement. In *Suitum*, the Court's use of the term "prudential" to describe this aspect of *Williamson Planning Commission* is dictum, however, and may have been intended only to contrast the ripeness issue in *Williamson County* with ripeness as an aspect of the case or controversy requirement of Article III. *See id.* at 1664 n.7 (contrasting the two); *id.* at 1665 (noting the requirement that the owner first seek compensation from the state "stems from the Fifth Amendment's proviso that only takings without 'just compensation' infringe that Amendment"); *see also* Gregory M. Stein, *Regulatory Takings and Ripeness in the Federal Courts*, 48 Vand. L. Rev. 1, 16 (1995) (arguing that "the case or controversy portion of the ordinary ripeness test is altered in takings cases in a way that incorporates a modified exhaustion requirement").

218. *See Williamson Planning Comm'n*, 473 U.S. at 196-97. One effect of the *Williamson Planning Commission* rule is to remove most state takings claims from the lower federal courts. If a property owner files an inverse condemnation claim in state court and that court enters a judgment that the conduct at issue does not effect a taking for which just compensation is due, the owner then may be barred under principles of res judicata, full faith and credit, or abstention, from challenging that conduct in federal court. *See Stein, supra* note 217, at 92-97.

219. Some courts also have concluded that, under *Williamson Planning Commission*, a federal takings suit is not ripe until the claimant has pursued a state court appeal as well. *See, e.g., Belvedere Military Corp. v. County of Palm Beach*, 845 F. Supp. 877, 878 (S.D. Fla. 1994) (holding that a plaintiff must "litigate his claim in state court to an unsuccessful conclusion").

220. *See supra* notes 35, 59 and accompanying text. State courts have concurrent subject matter jurisdiction over actions arising under the Lanham Act, however. *See supra* note 75 and accompanying text.

(such as claims for breach of patent and copyright licenses),<sup>221</sup> after all; and, as noted above, at least two courts have expressly held that state courts have jurisdiction over patent takings claims.<sup>222</sup> More importantly, the objection is circular, resting as it does upon the following three premises: (1) Congress may provide a federal remedy against the states, but only with regard to state action that violates the Fifth Amendment; (2) the states violate the Amendment when, among other things, they fail to "provide[ ] an adequate procedure for seeking just compensation";<sup>223</sup> and (3) the reason the states fail to provide an adequate procedure is that Congress has forbidden them from doing so. Surely Congress cannot create federal jurisdiction premised on the inadequacy of a state forum, where Congress itself is the source of the inadequacy!

A second objection would be that Congress's power under section 5 of the Fourteenth Amendment to enforce those portions of the Bill of Rights, such as the Takings Clause, that are incorporated into section 1 of the Amendment includes the authority to render states amenable to suit in federal court at an earlier time than otherwise would be the case under *Williamson County Planning Commission*. This argument is difficult to sustain, however, in light of the Supreme Court's decision in *City of Boerne v. Flores*.<sup>224</sup> At issue in *City of Boerne* was the Religious Freedom Restoration Act of 1993 ("RFRA"),<sup>225</sup> a federal law enacted in response to the Court's 1990 decision in *Employment Division, Department of Human Resources v. Smith*.<sup>226</sup> In *Smith*, the Court had held that the Free Exercise Clause of the First Amendment does not preclude states from enforcing neutral, generally applicable laws against persons whose religious beliefs compel them to disobey those laws.<sup>227</sup> RFRA purported to overrule *Smith* by requiring federal and state governments that substantially burden free exercise to prove that the burden furthers a compelling governmental interest and is the least restrictive means of furthering that interest.<sup>228</sup> In *City*

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221. See 8 Chisum, *supra* note 38, § 21.02[1], at 21-27 to -28 (noting that state courts have jurisdiction to entertain claims for breach of patent licenses and agreements to assign patent rights); 3 Nimmer & Nimmer, *supra* note 157, § 12:01[A][2], at 12-16 to -19 (noting that state courts have jurisdiction to entertain claims for breach of contracts involving copyrights).

222. See *supra* note 161.

223. *Williamson Planning Comm'n*, 473 U.S. at 195.

224. 117 S. Ct. 2157 (1997).

225. 42 U.S.C. §§ 2000bb-2000bb-4 (1994).

226. 494 U.S. 872 (1990); see also *City of Boerne*, 117 S. Ct. at 2160-62, 2169-70 (discussing the legislative history of RFRA).

227. *Smith*, 494 U.S. at 876-90. Specifically, the *Smith* plaintiffs alleged that the State of Oregon had violated their rights under the Free Exercise Clause by denying them unemployment compensation benefits after their employer, a drug rehabilitation organization, had fired them for using peyote in connection with a Native American religious ceremony. *Id.* at 874.

228. See 42 U.S.C. § 2000bb-1(a)-(b) (defining scope of substantive right); *id.* § 2000bb-2(1) (defining "government" to include federal and state governments).



of *Boerne*, however, the Court held that Congress had overstepped its authority under section 5 of the Fourteenth Amendment by enacting a statute the purpose of which was to enlarge, rather than to enforce, the scope of the Free Exercise right.<sup>229</sup>

In reaching this conclusion, the Court rejected the argument that “Congress has a substantive, non-remedial power under the Fourteenth Amendment”<sup>230</sup> to “decree the substance of the Fourteenth Amendment’s restrictions on the States”<sup>231</sup> or to “expand[ ] the rights contained in section 1.”<sup>232</sup> Emphasizing that Congress’s power under section 5 “extends only to ‘enforc[ing]’ the provisions of the Fourteenth Amendment,”<sup>233</sup> the Court reasoned that one “does not enforce a constitutional right by changing what the right is.”<sup>234</sup> At the same time, the Court acknowledged that the distinction between measures that merely enforce the Amendment by remedying or preventing unconstitutional conduct, on the one hand, and “measures that make a substantive change in the governing law,” on the other, can be a fine one.<sup>235</sup> The Court further noted that “Congress must have wide latitude in determining where [that distinction] lies.”<sup>236</sup> As examples of the former type of measures, the Court cited the voting rights legislation at issue in cases such as *South Carolina v. Katzenbach*,<sup>237</sup> in which the Court upheld Congress’s power (under a parallel provision of the Fifteenth Amendment) to combat racial discrimination against would-be voters by prohibiting literacy tests, even though these tests were not facially unconstitutional.<sup>238</sup> Therefore, under some circumstances, a broad prohibition that incidentally forbids conduct that is not itself unconstitutional may be permissible, if problems of detection or enforcement threaten to render a more finely-tuned approach ineffective.<sup>239</sup> The Court nevertheless stressed that “[w]hile

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229. See *City of Boerne*, 117 S. Ct. at 2170-72.

230. *Id.* at 2167.

231. *Id.* at 2164.

232. *Id.* at 2168.

233. *Id.* at 2164.

234. *Id.*

235. *Id.*

236. *Id.*

237. 383 U.S. 301 (1966).

238. See *id.* at 337; see also *City of Boerne*, 117 S. Ct. at 2163 (discussing *South Carolina v. Katzenbach*, 383 U.S. 301 (1966)); *id.* at 2167 (stating that, in cases involving voting rights legislation, the Court has “continued to acknowledge the necessity of using strong remedial and preventive measures to respond to the widespread and persisting deprivation of constitutional rights resulting from this country’s history of racial discrimination”).

239. See *City of Boerne*, 117 S. Ct. at 2163 (“Legislation which deters or remedies constitutional violations can fall within the sweep of Congress’ enforcement power even if in the process it prohibits conduct which is not itself unconstitutional and intrudes into ‘legislative spheres of autonomy previously reserved to the States.’” (quoting *Fitzpatrick v. Bitzer*, 427 U.S. 445, 455 (1976))); *id.* at 2167 (stating that remedies at issue in *Katzenbach* “were deemed necessary given the ineffectiveness of the

preventive rules are sometimes appropriate remedial measures, there must be a congruence between the means used and the ends to be achieved."<sup>240</sup> With regard to RFRA, however, the Court concluded that the means Congress had chosen—prohibiting all state action burdening religious practice, absent a compelling state interest—were vastly disproportionate to the end of deterring the much more limited set of acts that remain unconstitutional under *Smith*, such as singling out members of a religious group for discriminatory treatment.<sup>241</sup> Given Congress's transparent desire not to enforce, but rather to alter, the substantive law as announced by the Court, RFRA could not be justified as a lawful exercise of section 5 power.

Whatever its merits may be, the rule announced in *City of Boerne* makes it very difficult to find support for the Remedy Clarification Acts in the Takings Clause.<sup>242</sup> If we are correct in reading *Williamson County* as standing for the proposition that a state does not violate the Takings Clause until it has refused to provide just compensation,<sup>243</sup> it is difficult to perceive how an effort on the part of Congress to render states liable *before* they have made such a refusal can be anything but an enlargement, rather than a means of enforcing, the Clause. Nor do the chosen "means" of permitting such claims to be litigated in federal court without an initial showing that the state forum is inadequate appear congruent with the "end" of enforcing the Clause. There certainly has been no outbreak of state court decisions declining to award compensation for state "takings" of intellectual property. Indeed, as we noted above, if we assume that the states have the power to effect takings of federal intellectual property rights, it would appear that they also have the power to hear claims for just compensation in their own courts, and at least two of them have so held.<sup>244</sup> Finally, while it may serve the interests of uniformity and convenience to relegate all such cases to the federal courts in the first instance, we do not see how these policy considerations can overcome *Williamson County*'s apparent holding that a violation of the Fifth Amendment *does not occur* until the state has refused compensation. Absent proof that the right to just compensation can be preserved only by initial recourse to the

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existing voting rights laws and the slow costly character of case-by-case litigation" (citing *Katzenbach*, 383 U.S. at 313-15, 328)).

240. *Id.* at 2169; *see also id.* at 2164 (stating that "[t]here must be a congruence and proportionality between the injury to be prevented or remedied and the means adopted to that end," and that without such connection "legislation may become substantive in operation and effect").

241. *See id.* at 2168-72; *see also* *Church of the Lukumi Babalu Aye, Inc. v. City of Hialeah*, 508 U.S. 520, 524 (1993) (invalidating an ordinance on the ground that it targeted a religious group).

242. For contrasting views on *City of Boerne*, *see generally* Symposium, *Reflections on City of Boerne v. Flores*, 39 Wm. & Mary L. Rev. 597 (1998) (discussing the impact and significance of *City of Boerne*).

243. *See supra* notes 214-19 and accompanying text.

244. *See supra* note 161.

federal courts, the constitutionality of the Remedy Clarification Acts remains dubious.

### C. Authorization

Our final argument against the takings justification for the Remedy Clarification Acts is based upon the requirement that, for a taking to implicate the Fifth Amendment, it must be "duly authorized by law."<sup>245</sup> As we shall demonstrate, some common uses of intellectual property by state actors do not implicate the Fifth Amendment due to lack of sufficient legislative authorization, and the takings theory therefore cannot support an attempt to penalize the states for these uses.

Our argument in this section derives from the proposition that the Fifth Amendment's prohibition of uncompensated takings "is directed against the government, and not against individual or public officers proceeding without the authority of legislative enactment."<sup>246</sup> A deprivation that is unauthorized "expressly or by necessary implication" by some act of the legislature therefore "is not the act of the government."<sup>247</sup> Just how specific the legislative authorization must be in order to give rise to a takings claim is somewhat unclear, however. A case that highlights two different approaches to this issue is *Ramirez de Arellano v. Weinberger*.<sup>248</sup> The plaintiffs filed suit in federal district court against the United States Secretary of Defense and other officials, alleging that the Department's operation of a military training center on the plaintiffs' land in Honduras violated the plaintiffs' constitutional rights.<sup>249</sup> The Court of Appeals for the District of Columbia Circuit addressed whether the plaintiffs had stated a takings claim—and if so, whether they should have asserted that claim in the United States Court of Claims instead of in the district court.<sup>250</sup> The court, sitting en banc, stated:

Not all illegal acts of government officials are considered unauthorized for the purpose of determining the government's liability to pay compensation under the Tucker Act. The question in each case is whether the defendants' actions are substantially in compliance

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245. *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1016 (1984) (footnote omitted).

246. *Hoe v. United States*, 218 U.S. 322, 335-36 (1910).

247. *Id.* at 336; see also *Blanchette v. Connecticut Gen. Ins. Corps.*, 419 U.S. 102, 127 n.16 (1974) (quoting *Hoe*, 218 U.S. at 336); *Southern Cal. Fin. Corp. v. United States*, 634 F.2d 521, 525 (Ct. Cl. 1980) (stating that sufficient authorization will be found if government action flows from "the good faith implementation of a Congressional Act" (quoting *NBH Land Co. v. United States*, 576 F.2d 317, 319 (Ct. Cl. 1978))); cf. *Preseault v. ICC*, 494 U.S. 1, 13 (1990) (declining to "decide what types of official authorization, if any, are necessary to create federal liability under the Fifth Amendment").

248. 724 F.2d 143 (D.C. Cir. 1983), *rev'd*, 745 F.2d 1500 (D.C. Cir. 1984) (en banc), *vacated on other grounds*, 471 U.S. 1113 (1985).

249. See *Ramirez de Arellano*, 745 F.2d at 1505.

250. See *id.* at 1522-24.

with the powers granted to them by congressional statute or constitutional provision. Recovery under the Tucker Act has been permitted when a taking by an officer is the natural consequence of congressionally approved measures or the result of an exercise of discretion granted to an official for the implementation of a congressional statute.<sup>251</sup>

The majority nevertheless concluded that, on the record before it, it was impossible to determine whether the defendants' alleged conduct was in substantial compliance with their lawful powers.<sup>252</sup>

Reaching the opposing conclusion on the takings issue, then-Judge Scalia cited a series of Supreme Court decisions—including *Larson v. Domestic & Foreign Commerce Corp.*,<sup>253</sup> *United States v. Causby*,<sup>254</sup> and *Portsmouth Harbor Land & Hotel Co. v. United States*<sup>255</sup>—for the proposition that, if a taking occurs while a government official “is acting within the normal scope of his duties (a concept akin to, *though not as liberal as*, the ‘scope of employment’ test for application of the doctrine of *respondeat superior* in private law),” the litigant is required to pursue a takings claim in the Court of Claims, “unless Congress has expressed a positive intent to prevent the taking or to exclude governmental liability.”<sup>256</sup> Under this analysis, the question (which Judge Scalia answered in the affirmative) was whether the defendants were “authorized to conduct military training exercises abroad, with no specific limitation upon trespass or unlawful taking in the process.”<sup>257</sup> Even under Judge Scalia’s reading of the case law, however, some acts within the scope of a state actor’s employment would not constitute takings compensable under the Fifth Amendment. Such acts include some unlawful or tortious conduct, as well as some acts contrary to the employer’s directions, though motivated in part to serve the employer’s interests.<sup>258</sup>

To illustrate how these approaches to the authorization issue affect the application of the Remedy Clarification Acts, consider the following examples of an office manager of a state agency who unlawfully copies software for agency use, or a state university professor who authorizes the reproduction of infringing “coursepacks” for use by her

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251. *Id.* at 1523 (footnote omitted).

252. *See id.* at 1523-24.

253. 337 U.S. 682 (1949).

254. 328 U.S. 256 (1946).

255. 260 U.S. 327 (1922).

256. *Ramirez de Arellano v. Weinberger*, 724 F.2d 145, 151 (D.C. Cir. 1983) (footnote omitted) (emphasis added), *rev'd*, 745 F.2d 1500 (D.C. Cir. 1984) (en banc), *vacated on other grounds*, 471 U.S. 1113 (1985).

257. *Ramirez de Arellano*, 745 F.2d at 1555 (Scalia, J., dissenting) (footnotes omitted).

258. In some circumstances, a tort committed by an employee may be deemed within the scope of her employment, even if her conduct is (1) contrary to the employer’s instructions and (2) a tortious or criminal act. *See* Restatement (Second) of Agency §§ 230-231 (1958).

students.<sup>259</sup> Under the majority's approach in *Ramirez de Arellano*, these acts are attributable to the state only if they are "the natural consequence of [legislatively] approved measures or the result of an exercise of discretion granted to an official for the implementation of" state law.<sup>260</sup> Proving one or the other of these conditions in the context of two such low-level state employees is likely to be extremely difficult, but in the absence of such proof the state has not effected a taking. On the other hand, under the Scalia approach, if the state has adopted a policy specifically prohibiting its employees from engaging in these activities without the consent of the intellectual property owner, the activities arguably lack the authorization necessary for them to be classified as takings, even if they would be deemed within the scope of employment for purposes of general tort law.<sup>261</sup> In effect, the state may be able to shield itself from liability through the adoption of artfully worded policy statements. To the extent that the Remedy Clarification Acts purport to provide a federal cause of action against the states for such uses of intellectual property by their employees—as we believe they do<sup>262</sup>—they cannot be sustained under the Fifth Amendment theory.

### III. DUE PROCESS THEORY

In the previous section we concluded that there are several reasons why the Remedy Clarification Acts cannot be sustained as an exercise of congressional power to enforce the Takings Clause, as incorporated into the Due Process Clause of the Fourteenth Amendment. Another potential source of support for the abrogation of state immunity, however, is the Due Process Clause by itself, in either its procedural or substantive aspect.<sup>263</sup> In its procedural aspect, the Clause, which pro-

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259. With regard to the latter example, see *Princeton Univ. Press v. Michigan Document Services*, 99 F.3d 1381, 1383 (6th Cir. 1996) (en banc), cert. denied, 520 U.S. 1156 (1997), which held that reproduction and distribution of copyrighted works in coursepacks was not privileged under the fair use doctrine; *Basic Books, Inc. v. Kinko's Graphics Corp.*, 758 F. Supp. 1522, 1526 (S.D.N.Y. 1991) (same).

260. *Ramirez de Arellano*, 745 F.2d at 1523 (footnote omitted).

261. See *supra* note 258.

262. See *supra* notes 156-58 and accompanying text.

263. If a state's infringement of intellectual property is a proper exercise of its eminent domain power under the Takings Clause, then a procedural due process claim becomes meaningless, and a substantive due process claim is almost impossible to prove. One of the few constitutional provisions that discusses remedies, the Takings Clause establishes that the redress for a state's taking of property is "just compensation," which has been interpreted to mean post-deprivation compensation. Thus, by constitutional definition, post-deprivation compensation is all the process that is due, and any violation of this requirement would be a Takings Clause violation rather than a Due Process Clause violation. In addition, the arbitrary and irrational conduct necessary to maintain a substantive due process claim is likely absent where there has been a taking, because a proper exercise of eminent domain generally must proceed for a public purpose. It follows that where a state's unauthorized use of intellectual property is not a taking because it is not for a public purpose, then both substantive

hibits the states from "depriv[ing] any person of life, liberty, or property, without due process of law,"<sup>264</sup> guarantees that states may not deprive individuals of their life, liberty, or property in the absence of adequate procedure.<sup>265</sup> The main purposes of the procedure are to avoid erroneous deprivations by requiring some form of hearing to detect mistakes in the state's decision making and to maintain an appearance of fairness for persons aggrieved by state action.<sup>266</sup> Substantive due process, on the other hand, is concerned with the substance of the state action, protecting against arbitrary and irrational government action that "shocks the conscience."<sup>267</sup>

In section A, we consider procedural due process as a source of congressional power for enacting the Remedy Clarification Acts, first examining whether most unauthorized uses of intellectual property under the federal intellectual property laws constitute violations of procedural due process under section 1 of the Fourteenth Amendment, and then analyzing whether the Remedy Clarification Acts are valid enforcement mechanisms under section 5 of the Amendment. In section B, we repeat the analysis for substantive due process.

### A. *Procedural Due Process*

To sustain a procedural due process claim, a plaintiff must demonstrate three elements. First, she must have a recognizable life, liberty, or property interest.<sup>268</sup> Second, state action must have deprived the plaintiff of that interest.<sup>269</sup> Third, the deprivation must have occurred without due process of law.<sup>270</sup> In the following subsections we discuss these elements in turn, as applied to the context of intellectual property infringement.

#### 1. Life, Liberty, or Property

An early theory of the Due Process Clause held that the words "life, liberty, or property" should be read together, and that they collec-

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and procedural due process avenues of relief are available, and that where it is not a taking for some other reason but there is a public purpose, then only a procedural due process claim may be pursued.

264. U.S. Const. amend. XIV, § 1.

265. See, e.g., *Zinerman v. Burch*, 494 U.S. 113, 125-26 (1990) (describing the protections guaranteed by the Fourteenth Amendment); see also John E. Nowak & Ronald D. Rotunda, *Constitutional Law* § 13.1, at 487-88 (4th ed. 1991) (explaining difference between procedural and substantive due process); Ronald J. Krotoszynski, Jr., *Fundamental Property Rights*, 85 Geo. L.J. 555, 607 (1997) (analyzing substantive and procedural due process in the context of the takings and contracts clauses).

266. See Jerry L. Mashaw, *The Supreme Court's Due Process Calculus for Administrative Adjudication in Mathews v. Eldridge: Three Factors in Search of a Theory of Value*, 44 U. Chi. L. Rev. 28, 57-59 (1976).

267. See *infra* notes 407-33 and accompanying text.

268. See *infra* notes 271-94 and accompanying text.

269. See *infra* notes 295-334 and accompanying text.

270. See *infra* notes 335-80 and accompanying text.

tively encompass an individual's right to be free from governmental intrusion and oppression in almost every aspect of life.<sup>271</sup> This view succumbed to the current interpretation, which is that each of these three terms should be read separately, and that each one circumscribes a finite number of rights bearing a close relationship to the particular term describing them.<sup>272</sup> Inasmuch as the life interest is never at issue in the intellectual property context, and on the heuristic assumption that the liberty interest would be implicated only in rare cases,<sup>273</sup> we focus our attention here mainly on the property interest.

In *Board of Regents v. Roth*,<sup>274</sup> the Supreme Court explained that "[t]he Fourteenth Amendment's procedural protection of property is a safeguard of the security of interests that a person has already acquired in specific benefits. . . . It is a purpose of the ancient institution of property to protect those claims upon which people rely in their daily lives . . . ."<sup>275</sup> The Court has established that a statute creates a property right entitled to due process protection when the statute restricts the state's discretion to act with regard to the property

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271. See Nowak & Rotunda, *supra* note 265, § 13.2, at 488 & n.1.

272. See *id.* § 13.2, at 488 & n.1-2 (citing Henry P. Monaghan, *Of "Liberty" and "Property"*, 62 Cornell L. Rev. 405, 415 (1977), for arguments in support of this approach and *Board of Regents v. Roth*, 408 U.S. 564 (1972), as the earliest example of this approach in the case law).

273. Many of the guarantees in the Bill of Rights are applicable against the states under the Fourteenth Amendment through the liberty prong of the Due Process Clause, see Nowak & Rotunda, *supra* note 265, § 11.6, at 382-85, or perhaps, as some have argued, through the Privileges and Immunities Clause, see Akhil Reed Amar, *The Bill of Rights and the Fourteenth Amendment*, 101 Yale L.J. 1193, 1233-38 (1992). The First Amendment right not to associate may be implicated where a state-related entity uses an invention, copyrighted work, or trademark, without the owner's consent, to further a state interest of which the owner does not approve. This may be the analytical equivalent of forcing an individual to contribute money to support such activities, which was barred as a violation of the First Amendment in *Keller v. State Bar*, 496 U.S. 1, 9-13 (1990), and *Abood v. Detroit Board of Education*, 431 U.S. 209, 234-36 (1977). The right not to associate in commercial activities generally receives little constitutional protection, but if the action of some state-related body requires an individual to fund or assist in causes involving political or ideological beliefs, then it is subject to heightened scrutiny. There may be some instances of unauthorized use of intellectual property that fall into the latter category. One example might be the use of patented DNA cloning technology to clone human beings for medical or military purposes, to which the patent owner is opposed. A less-Brave New World and more mundane example might be the use of a copyrighted work or trademark to promote a family planning campaign. The use of intellectual property for these purposes would be the exception, however, and not the rule. Moreover, this protection of the right not to associate applies primarily against state-related entities such as labor unions and bar associations, not against "traditional government agencies and officials," which have the power to tax for virtually any cause. See *Keller*, 496 U.S. at 12-13. Thus, it is unlikely that the liberty interest would support the application of the Patent, Copyright, and Lanham Acts against the states.

274. 408 U.S. 564 (1972).

275. *Id.* at 576-77 (citations and footnote omitted).

owner.<sup>276</sup> Because Congress clearly has attempted to place limits on the state's discretion to act with regard to intellectual property, one might assume that all of the rights under the federal intellectual property laws are cognizable property interests for procedural due process purposes. Indeed, historically the due process definition of property has been broader than its counterpart in takings jurisprudence,<sup>277</sup> including within its ambit many statutory rights and entitlements.<sup>278</sup> Since *Seminole Tribe*, however, it has become necessary to examine the scope of the Fourteenth Amendment more closely—because if Congress can create rights through federal legislation passed pursuant to its Article I powers and then use the Due Process Clause to enforce those [property] rights against the states, it seems that the *Seminole Tribe* holding would be eviscerated.<sup>279</sup> Thus, two possible views of property under the Due Process Clause emerge.

A traditional view might construe "property" under the Due Process Clause rather narrowly, probably encompassing only those forms of intellectual property that past law has recognized as property for takings, due process, or other purposes. Because courts have long hailed patents as property,<sup>280</sup> a patent probably would qualify for due process protection under this narrow definition. Arguably, rights against copyright and trademark infringement would also qualify. With respect to trademarks, the Supreme Court said as early as 1879 that:

The right to adopt and use a symbol or a device to distinguish the goods or property made or sold by the person whose mark it is, to the exclusion of use by all other persons . . . is a property right for the violation of which damages may be recovered in an action at law. . . . This exclusive right was not created by the act of Congress, and does not now depend upon it for its enforcement. The whole system of Trade-Mark property and the civil remedies for its protec-

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276. See *Cleveland Bd. of Educ. v. Loudermill*, 470 U.S. 532, 538-39 (1985). In *Loudermill*, the Court held that a statute which provides mandatory procedures for the taking of a right triggers due process protection, rejecting the "bitter with the sweet" approach, espoused by a plurality in *Arnett v. Kennedy*, 416 U.S. 134, 152-54 (1974), under which the procedures required in the statute would be exclusive because providing more protective process would be viewed as an expansion of the substantive right itself. See *Loudermill*, 470 U.S. at 540.

277. See Vázquez, *supra* note 101, at 1745-46 n.281.

278. See, e.g., *Mathews v. Eldridge*, 424 U.S. 319 (1976) (disability benefits); *Goldberg v. Kelly*, 397 U.S. 254 (1970) (welfare benefits).

279. For a similar argument, see Vázquez, *supra* note 101, at 1744. Vázquez refers to this potentiality as "the abrogation reductio." *Id.*

280. See, e.g., *Hartford-Empire Co. v. United States*, 323 U.S. 386, 415 (1945) ("That a patent is property, protected against appropriation both by individuals and by government, has long been settled." (footnote omitted)); *James v. Campbell*, 104 U.S. 356, 357-58 (1881) (comparing a patent for an invention to a patent for land for Takings Clause purposes).



tion existed long anterior to that act, and have remained in full force since its passage.<sup>281</sup>

In addition, as one of us demonstrates in a companion article:

[t]he factors the [Supreme] Court cited in [*Ruckelshaus v. Monsanto*] as reasons for concluding that trade secrets are property—including the fact that they are assignable and may form the res of a trust, as well as the Court's prior characterization of other intangible interests such as liens and contract rights as property—apply with equal force to copyrights and, to a lesser extent, to trademarks.<sup>282</sup>

While the traditional view of property likely encompasses rights against patent, copyright, and trademark infringement, it may not embrace recently added “fringe” intellectual property rights, such as moral rights under the Copyright Act<sup>283</sup> or certain unfair competition rights under the Lanham Act.<sup>284</sup> By contrast, a broader view of property under the Due Process Clause might suggest that these liberal provisions do confer legitimate property interests under the Due Process Clause. Several of these provisions, including those involving moral rights, trademark dilution (both blurring and tarnishment), and product disparagement, aim primarily to protect the reputation of an artist or business.<sup>285</sup> Reputation, which may be characterized as either a liberty- or property-type interest,<sup>286</sup> has been on uncertain constitutional footing since *Paul v. Davis*.<sup>287</sup> In *Paul*, the Supreme Court held that a sheriff's placing the plaintiff's name on a list of “active shoplifters” and distributing the list to local shops did not violate the Due

281. Trade-Mark Cases, 100 U.S. 82, 92 (1879).

282. Cotter, *supra* note 171, at 566 (footnotes omitted). The reason trademarks may be property “to a lesser extent” is that, while they are assignable, a proper assignment is conditional upon a transfer of goodwill. *See id.* No similar restriction on transfer exists with regard to patents and copyrights.

283. *See supra* notes 54-58 and accompanying text. Unlike many traditional property interests, moral rights may not be assigned “and (in the case of joint works) may be waived by one joint author on behalf of all other joint authors without the others' consent.” Cotter, *supra* note 171, at 567 (footnote omitted) (discussing moral rights as property interests for purposes of determining whether federal government infringements of moral rights are takings).

284. *See supra* notes 73-75 and accompanying text. Arguably, if unfair competition rights against product disparagement and trademark dilution count as property rights for due process purposes, so do a large number of other federal statutory entitlements. *See* Cotter, *supra* note 171, at 568 (suggesting that a “principled distinction” may be drawn between a property right against trademark infringement and one against trademark dilution for takings purposes).

285. *See* Cotter, *supra* note 56, at 6-15 (tracing the philosophical antecedents of these protections).

286. Compare *Paul v. Davis*, 424 U.S. 693, 710-12 (1976) (discussing personal reputation as a potential property or liberty interest), with *Wisconsin v. Constantineau*, 400 U.S. 433, 436 (1971) (holding that injury to one's reputation, when accompanied by an additional loss of liberty, constitutes a cognizable interest for purposes of the Due Process Clause, but not specifying whether it is a liberty or property interest).

287. 424 U.S. 693 (1976).

Process Clause, even though there had been no hearing to resolve the issue of plaintiff's guilt prior to distribution of the list.<sup>288</sup> The decision usually is cited for the proposition that there is no cognizable liberty or property interest in reputation without some additional injury.<sup>289</sup>

Commentators have criticized the *Paul* opinion on the ground that it has "little historical or analytical basis, because Anglo-American law has long placed a value on the individual's right to one's good reputation."<sup>290</sup> For this reason, some scholars have offered a revisionist interpretation of *Paul*. They suggest that because the state law of defamation would have afforded the plaintiff in *Paul* a tort remedy, the case simply establishes that, assuming there is a valid interest in reputation (perhaps without deciding the issue), the possibility of a postdeprivation tort suit satisfies due process minima.<sup>291</sup>

If this reading of *Paul* is correct, then even the reputation-based federal intellectual property rights may be cognizable interests under the Due Process Clause. And even if the former interpretation is the proper one, violation of these rights still may implicate the Fourteenth Amendment, if accompanied by an additional injury. In *Wisconsin v. Constantineau*,<sup>292</sup> the Court held that the state's labeling the plaintiff a drunkard implicated a valid interest where the defamatory statement resulted in the plaintiff's being denied the legal right to purchase alcohol.<sup>293</sup> Thus, if an intellectual property owner has suffered some further injury such as reduced licensability of her property, or if the contested state action also has injured a more traditional—and hence cognizable—interest conferred by another provision of the intellectual

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288. See *id.* at 711-12.

289. See, e.g., *Siegert v. Gilley*, 500 U.S. 226, 234 (1991) (citing *Paul* for the proposition that there is no constitutional protection for the interest in reputation); *Kelly v. Borough of Sayreville*, 107 F.3d 1073, 1078 (3d Cir. 1997) (stating that the requirement imposed by *Paul* is that "a liberty interest" requires more than mere injury to reputation); *Texas v. Thompson*, 70 F.3d 390, 392 (5th Cir. 1995) (positing that "damage to an individual's reputation . . . accompanied by an infringement of some other interest, is actionable"); *Neu v. Corcoran*, 869 F.2d 662, 667 (2d Cir. 1989) ("*Paul* stressed that defamation alone did not constitute deprivation of a protected liberty interest."); Mark R. Brown, *De-Federalizing Common Law Torts: Empathy for Parratt, Hudson, and Daniels*, 28 B.C. L. Rev. 813, 824 (1987) ("In *Paul v. Davis* the Court found that there existed no liberty interest in being free from defamatory remarks made by the government."); see also *Chavez v. Arte Publico Press*, 157 F.3d 282, 288 (5th Cir. 1998) (relying on *Paul* in holding that an individual's right against misappropriation of her name guaranteed by the Lanham Act is not a property right under the Fourteenth Amendment).

290. *Nowak & Rotunda*, *supra* note 265, § 13.5, at 521 (footnote omitted); *Board of Regents of State Colleges v. Roth*, 408 U.S. 564, 573 (1972); see *Krotoszynski*, *supra* note 265, at 610-11.

291. See, e.g., *Ingraham v. Wright*, 430 U.S. 651, 701-02 (1977) (Stevens, J., dissenting) (suggesting that a postdeprivation remedy may be constitutionally sufficient where an invasion of a property interest is involved).

292. 400 U.S. 433 (1971).

293. See *id.* at 434-36.

property laws, then perhaps even these "fringe" rights would enjoy constitutional property status.<sup>294</sup>

## 2. Deprivation

Assuming that most forms of intellectual property are property for purposes of the Due Process Clause, the next element of a due process claim addresses whether a state actor has deprived the owner of that interest. Aside from the plethora of issues involved in the doctrine of state action,<sup>295</sup> which we choose to ignore at our peril in the interest of economy, the most important issue here is whether the alleged conduct constitutes a deprivation. Several categories of conduct emerge from the caselaw. On a spectrum, these roughly discrete categories look something like this: (1) simple negligence; (2) gross negligence or recklessness; (3) predictable negligence; (4) intentional conduct, unauthorized by the state; and (5) intentional conduct, authorized by the state.

First, we will consider property loss caused by a state official's mere negligence. In *Parratt v. Taylor*,<sup>296</sup> the Supreme Court held that a state actor's negligent conduct, which resulted in the loss of a prisoner's hobby kit valued at \$23.50, constituted a deprivation of property under the Due Process Clause.<sup>297</sup> That decision was overturned

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294. It is questionable whether reduced licensability of intellectual property would suffice to turn the loss of a reputation-based right into a constitutionally cognizable interest after *Siebert*. In *Siebert*, 500 U.S. at 234, the Court held that there is no constitutionally protected interest in reputation even if damage to reputation almost certainly would "impair . . . future employment prospects." The Court stated that the petitioner in *Paul* also had "alleged serious impairment of his future employment opportunities as well as other harm [and that m]ost defamation plaintiffs attempt to show some sort of special damage and out-of-pocket loss which flows from the injury to their reputation." *Id.* The Court found these arguments unpersuasive, however, holding that "so long as such damage flows from the injury caused by the defendant to a plaintiff's reputation, it may be recoverable under state tort law but it is not recoverable in a *Bivens* action." *Id.*; cf. *Buckey v. County of Los Angeles*, 957 F.2d 652, 655 (9th Cir. 1992) (allowing remedy under state law but not federal law for business and reputation losses alone in a case involving alleged child molestation); *Neu v. Corcoran*, 869 F.2d 662, 667 (2d Cir. 1989) (recognizing a state tort claim but not a federal claim in an action brought against insurance officials). *But cf.* *Texas v. Thompson*, 70 F.3d 390, 392-93 (5th Cir. 1995) (finding that a constitutional claim may exist). *Thompson* held that while "[a]llegations of damage to one's reputation or the impairment of future employment prospects fail to state a claim of denial of a constitutional right," *id.* at 392, an injury to reputation may state a constitutional claim if accompanied by a showing that officers "sought to remove or significantly alter" the plaintiff's liberty or property interests in operation of a business. *Id.* at 393 (quoting *San Jacinto Sav. & Loan v. Kacal*, 928 F.2d 697, 701-02 (5th Cir. 1991)).

295. See generally Nowak & Rotunda, *supra* note 265, §§ 12.1-12.5, at 452-486 (discussing the state action doctrine).

296. 451 U.S. 527 (1981), *overruled in part by* *Daniels v. Williams*, 474 U.S. 327 (1986).

297. See *id.* at 543-44. The Court went on to hold that the deprivation did not violate the Due Process Clause because state tort remedies provided adequate postdeprivation process. See *id.*

only five years later in *Daniels v. Williams*,<sup>298</sup> in which the Court held that "the Due Process Clause is simply not implicated by a *negligent* act of an official causing unintended loss of or injury to life, liberty, or property."<sup>299</sup> The Court's opinion drew largely from Justice Powell's concurring opinion in *Parratt*, which "criticized the [*Parratt*] majority for 'passing over' th[e] important question of the state of mind required to constitute a 'deprivation' of property"<sup>300</sup> and emphasized that "we should not 'open the federal courts to lawsuits where there has been no affirmative abuse of power.'"<sup>301</sup> The *Daniels* Court wanted to avoid "mak[ing] . . . the Fourteenth Amendment a font of tort law. . . ,"<sup>302</sup> perhaps being motivated by federalism concerns.<sup>303</sup>

At the other end of the spectrum from negligence, it is well established that intentional conduct by state actors, whether or not authorized by the state, implicates procedural due process. *Hudson v. Palmer*,<sup>304</sup> which dealt with intentional, unauthorized conduct, and *Logan v. Zimmerman Brush Co.*,<sup>305</sup> which involved conduct pursuant

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298. 474 U.S. 327 (1986).

299. *Id.* at 328.

300. *Id.* at 330 (quoting *Parratt*, 451 U.S. at 547 (Powell, J., concurring)).

301. *Id.* (quoting *Parratt*, 451 U.S. at 548-49 (Powell, J., concurring)).

302. *Id.* at 332 (quoting *Paul v. Davis*, 424 U.S. 693, 701 (1976)).

303. See generally *Brown*, *supra* note 289 (suggesting that federalism concerns influenced the Supreme Court's decisions in *Parratt*, *Hudson*, and *Daniels* and criticizing the approach taken in those cases).

304. 468 U.S. 517 (1984). In *Hudson*, the plaintiff was a prisoner who alleged that prison attendants intentionally destroyed his property during a search of his cell in violation of his due process rights. See *id.* at 520. The Court found that the prisoner was entitled to due process protection, but, analogizing to the random, unpredictable nature of the deprivation in *Parratt*, ruled that only a postdeprivation remedy was required. See *id.* at 533.

305. 455 U.S. 422 (1982). Logan was an employee discharged from Zimmerman Brush Company, allegedly because of a physical handicap which made it impossible to adequately perform his duties. See *id.* at 426. Logan petitioned the Illinois Fair Employment Practices Commission ("Commission") in accordance with the Illinois Fair Employment Practices Act ("FEPA"), which prohibited "employment discrimination on the basis of 'physical . . . handicap unrelated to ability,'" *id.* at 424 (quoting Ill. Rev. Stat. ch. 48, § 853(a) (1979)), and established a scheme for reviewing allegations of such discrimination. See *id.* The statute required the Commission to hold a factfinding hearing within 120 days. See *id.* (citing Ill. Rev. Stat. Ch. 48, § 858(b)). The Commission, however, failed to convene the conference within the 120-day period, and Zimmerman Brush made a motion to dismiss, which eventually was granted by the Illinois Supreme Court. See *id.* at 426-28. Logan appealed to the United States Supreme Court, arguing that his due process rights would be violated if the Commission would not hear his claim. See *id.* at 427-28. The Supreme Court reversed, holding that Logan had a right to be heard by the Commission, notwithstanding available state tort remedies. See *id.* at 435-38. The Court distinguished *Parratt*, in which the Court had held that a postdeprivation tort remedy sufficed for due process purposes. See *id.* at 435-36. The Court noted that "[i]n *Parratt*, the Court emphasized that it was dealing with 'a tortious loss of . . . property as a result of a random and unauthorized act by a state employee . . .,'" *id.* at 435-36 (quoting *Parratt*, 451 U.S. at 541), while "[h]ere, in contrast, it is the state system itself that destroys a complainant's property interest, by operation of law, whenever the Commission fails to convene a timely conference . . . ." *Id.* at 436.

to a scheme explicitly authorized by the state, illustrate that while the authorization factor weighs heavily in deciding what process is due,<sup>306</sup> it does not influence the determination of whether a deprivation has occurred.

Thus, on one end of the spectrum, it is clear that merely negligent conduct does not trigger application of the Due Process Clause. On the other end, it is certain that intentional conduct does invoke a due process analysis. As often happens, however, the middle categories have fallen into the gray abyss. While *Daniels* made it clear that merely negligent acts by state officials do not implicate the Due Process Clause, it did not address whether the same would be true in a case involving gross negligence or recklessness.<sup>307</sup> That issue remains unresolved.<sup>308</sup> Moreover, the Court did not speculate about whether conduct which is negligent *but predictable* could constitute a deprivation. Because the latter type of conduct probably accounts for a fairly large portion of intellectual property infringements,<sup>309</sup> the resolution of this issue is crucial to determining the constitutionality of the Remedy Clarification Acts as a congressional attempt to protect procedural due process rights. Thus, we will explore this issue in some detail.

The Court first espoused the notion of predictability as a salient feature of a state actor's conduct in *Zinermon v. Burch*.<sup>310</sup> In *Zinermon*, respondent Burch alleged that his confinement in a mental hospital by state officials while he was incompetent deprived him of his liberty without due process of law.<sup>311</sup> Florida law provided guidelines for both voluntary and involuntary placement in a mental health facility.<sup>312</sup> Burch apparently was admitted under the voluntary provisions, not having been afforded the safeguards required under state law for involuntary placement.<sup>313</sup> The voluntary commitment provision required "express and informed consent,"<sup>314</sup> which included the

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306. In *Hudson*, the Court held that an adequate postdeprivation remedy satisfies due process requirements for intentional but unauthorized deprivations in which the state is unable to control the conduct of a state actor in advance. See *Hudson*, 468 U.S. at 533. By contrast, in *Logan*, the Court ruled that most deprivations resulting from a state statutory system require predeprivation process. See *Logan*, 455 U.S. at 436-37.

307. See *Daniels*, 474 U.S. 327, 334 n.3 (1986) ("[T]his case affords us no occasion to consider whether something less than intentional conduct, such as recklessness or 'gross negligence,' is enough to trigger the protections of the Due Process Clause.").

308. "[I]t is an unresolved issue whether an allegation of gross negligence or recklessness suffices [to support a due process claim]." *Zinermon v. Burch*, 494 U.S. 113, 143 (1990) (citation omitted).

309. See *infra* notes 329-34 and accompanying text.

310. 494 U.S. at 136.

311. See *id.* at 114-15.

312. See *id.* at 122-23.

313. See *id.* at 123-24.

314. *Id.* at 133 (quoting Fla. Stat. ch. 394.465(1)(a) (1981) (currently codified at Fla. Stat. ch. 394.4625 (1998))).

ability both to "understand any proffered 'explanation and disclosure of the subject matter' of the forms that person is asked to sign," and to "make a knowing and willful decision' whether to consent to admission."<sup>315</sup> The Court found that "[i]t is hardly unforeseeable that a person requesting treatment for mental illness might be incapable of informed consent, and that state officials with the power to admit patients might take their apparent willingness to be admitted at face value and not initiate involuntary placement procedures."<sup>316</sup> Accordingly, the Court held that respondent's procedural due process rights were violated because "the statutes do not direct any member of the facility staff to determine whether a person is competent to give consent, nor to initiate the involuntary placement procedure for every incompetent patient."<sup>317</sup> Significantly, the Court did not characterize the staff's conduct in *Zinermon* as either negligent or intentional. Instead, the Court strove to separate the case from both *Hudson*, which involved an intentional and unauthorized deprivation of property, and *Parratt*, which involved a negligent deprivation of property. The Court explained that "the reasoning of *Parratt* and *Hudson* emphasizes the State's *inability* to provide predeprivation process because of the random and *unpredictable* nature of the deprivation."<sup>318</sup> Thus, *Zinermon* seems to stand for the proposition that due process requires predeprivation procedures for predictable conduct causing loss of or injury to an individual's liberty.

While the above summary may suggest a lack of ambiguity in *Zinermon*, the case is capable of both narrow and expansive interpretations. The narrow view derives from the Court's description of predictability. The Court noted that, under the facts in *Zinermon*, "[a]ny erroneous deprivation will occur, if at all, at a specific, predictable point in the admission process—when a patient is given admission forms to sign."<sup>319</sup> By contrast, the Court emphasized that in *Parratt*, "[w]hile [the state] could anticipate that prison employees would occasionally lose property through negligence, it certainly 'cannot predict precisely when the loss will occur.'"<sup>320</sup> Similarly, the Court stated that in *Hudson*, "the State might be able to predict that guards occasionally will harass or persecute prisoners they dislike, but cannot 'know when such deprivations will occur.'"<sup>321</sup> Thus, a narrow view of *Zinermon* would conclude that it applies only when individual deprivations are predictable with respect to time and place, which occurs

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315. *Id.* (quoting Fla. Stat. ch. 394.455(22) (1981) (currently codified at Fla Stat. ch. 394.455(9) (1998))).

316. *Id.* at 136.

317. *Id.* at 135.

318. *Id.* at 132 (emphasis added).

319. *Id.* at 136.

320. *Id.* (quoting *Parratt v. Taylor*, 451 U.S. 527, 541 (1981), *overruled in part by Daniels v. Williams*, 474 U.S. 327, 329-32 (1986)).

321. *Id.* (quoting *Hudson v. Palmer*, 468 U.S. 517, 533 (1984)).

only where an established statutory scheme authorizes or directs the state actor to effect the deprivation.

The expansive view, on the other hand, holds simply that *Zinermon* applies when deprivations are predictable enough in a general sense to enable the state to establish some safeguards to protect against their occurrence. This interpretation draws support from statements throughout the opinion indicating the Court's aversion to drawing bright lines around categories of conduct and its desire instead to view conduct at a higher level of abstraction, with an eye toward judging the state's ability to provide process. For example, in addressing Burch's allegation that the "petitioners 'knew or should have known' that he was incompetent, and nonetheless admitted him as a voluntary patient in 'willful, wanton, and reckless disregard' of his constitutional rights," the Court responded that "[u]nderstood in context, the allegation means only that petitioners disregarded their duty to ensure that the proper procedures were followed . . . ." <sup>322</sup> The Court also looked at *Parratt* through the lens of process, neither as a strict rule unto itself nor "an exception to the *Mathews* balancing test, but rather [as] an application of that test to the unusual case in which one of the variables in the *Mathews* equation—the value of predeprivation safeguards—is negligible in preventing the kind of deprivation at issue."<sup>323</sup> Applying the *Mathews* test to the facts in *Zinermon*, the Court treated predictability as a proxy for the state's ability to provide procedures that would reduce the risk of erroneous deprivation.<sup>324</sup> Thus, the expansive view of *Zinermon* reveals a functional approach in which the keystone for determining whether state conduct has caused a deprivation is whether the state practicably could have provided some form of process that would have reduced the risk of erroneous deprivation. Under either the narrow or expansive view, *Zinermon* appears to modify the rule, enunciated in *Daniels*, that a deprivation caused by mere negligence never activates the Due Process Clause: where the deprivation is predictable such that the state can provide predeprivation process, the Due Process Clause is triggered.<sup>325</sup> The difference between the two views is in the level of pre-

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322. *Id.* at 137.

323. *Id.* at 129. For a discussion of the *Mathews* balancing test, see *infra* text accompanying notes 337-40.

324. See *Zinermon*, 494 U.S. at 132-37.

325. But see *County of Sacramento v. Lewis*, 118 S. Ct. 1708, 1717-18 (1998) (stating that "the due process guarantee does not entail a body of constitutional law imposing liability whenever someone cloaked with state authority causes harm," such that, for example, "liability for negligently inflicted harm is categorically beneath the threshold of constitutional due process"). The issue before the Court, however, was whether a police officer's deliberate indifference to (or reckless disregard for) life when conducting a high-speed pursuit that results in death so "shocks the conscience" as to constitute a violation of substantive due process, see *id.* at 1717-18, not whether such conduct was predictable within the meaning of *Zinermon*. In concluding that the officer's conduct does not violate due process unless the harm caused is intentional, the

dictability that is required. The narrow view would require that the deprivation be predictable in a specific sense, that is, predictable with respect to time and place, which arguably would occur only where the state has laws in place directing the state official to effect the deprivation as in *Zinermon*. The expansive view, on the other hand, would require procedural safeguards to be implemented to the extent possible where the deprivations are predictable enough in a general sense to make implementation of at least some procedures practicable for the state.

Although most of the circuit courts that have decided cases under *Zinermon* apparently adopt the narrow view,<sup>326</sup> we think that the expansive view may be preferable at least as applied to federal rights. The narrow view would discourage states from establishing any protective procedures at all, because if state actors act pursuant to an established statutory scheme, and their negligence causes a deprivation of property, the state will be liable. If there is no statutory scheme in place, however, the state would not be liable. This disincentive is not especially problematic for state-created rights because states may define property as they please by limiting or not limiting the discretion of state actors to act with regard to the property owner.<sup>327</sup> States do not have the power to define federally-created property rights, however, and thus they should not be permitted to decide unilaterally when they can be held liable for violation of a federal right.<sup>328</sup>

*Zinermon* applies with equal force in the intellectual property context. First, it is unreasonable to suggest that *Zinermon* applies only to liberty, as opposed to property, interests. Just as the Court has rejected the "wooden distinction between 'rights' and 'privileges'"<sup>329</sup> under the Fourteenth Amendment, it also has shunned the division between liberty and property. In response to Burch's claim that

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Court stressed that "[r]ules of due process are not . . . subject to mechanical application in unfamiliar territory," and that what might constitute a due process violation in one context—for example, deliberate indifference to a pretrial detainee's medical needs—"may not be so patently egregious in another." *Id.* at 1718. Although the specific issue before the Court was one of substantive, not procedural, due process, the Court's observation that a particular mental state may implicate the Due Process Clause under some circumstances and not others suggests, as we argue above, that *Zinermon* can be reconciled with *Daniels*. It sheds no light, however, on whether the broad or narrow interpretation of *Zinermon* is correct.

326. See *Lowe v. Scott*, 959 F.2d 323, 341-42 (1st Cir. 1992); *Caine v. Hardy*, 943 F.2d 1406, 1413 (5th Cir. 1991); *Matthias v. Bingley*, 906 F.2d 1047, 1052-53, *modified per curiam*, 915 F.2d 946 (5th Cir. 1990); *Plumer v. Maryland*, 915 F.2d 927, 930-31 (4th Cir. 1990); *Easter House v. Felder*, 910 F.2d 1387, 1400-02 (7th Cir. 1990) (en banc).

327. See *supra* note 276.

328. See Vázquez, *supra* note 101, at 1758-59 (apparently assuming, without much analysis of *Zinermon*, that the expansive view is the correct one).

329. *Board of Regents of State Colleges v. Roth*, 408 U.S. 564, 571 (1972) (quoting *Graham v. Richardson*, 403 U.S. 365, 374 (1971)).



"postdeprivation tort remedies are *never* constitutionally adequate for a deprivation of liberty, as opposed to property," the *Zinermon* Court stated, "[w]e . . . do not find support in precedent for a categorical distinction between a deprivation of liberty and one of property."<sup>330</sup> In addition, many have argued that because "[b]oth ['liberty' and 'property'] interests, together with 'life,' appear in the Due Process Clauses of the Fifth and Fourteenth Amendments[,] they enjoy equal dignity as a textual matter and therefore also deserve equal dignity in the scope of their application."<sup>331</sup> Because we find these arguments persuasive, we conclude that *Zinermon* applies to property interests as well as to liberty interests.

Second, one may envision intellectual property deprivations analogous to those implicating *Zinermon*. Even under the narrow view, there may be rare instances in which an informal policy or custom regarding the use of intellectual property satisfies the requirement that deprivations be authorized by the state so as to render them predictable in a specific sense. Moreover, under the expansive view, many state uses of intellectual property are predictable enough in a general sense that the state's establishment of predeprivation procedures is feasible and would decrease the risk of erroneous deprivation. First, the states' need for intellectual property is ubiquitous: state entities frequently require the use of patented devices or processes;<sup>332</sup> university professors generally depend on copyrighted materials in their teaching and research;<sup>333</sup> state agencies need patented or copyrighted computer software on a daily basis; and state agencies occasionally wish to convert copyrighted or trademarked expressions into

330. *Zinermon v. Burch*, 494 U.S. 113, 131-32 (1990) ("[T]he dichotomy between personal liberties and property rights is a false one." (quoting *Lynch v. Household Finance Corp.*, 405 U.S. 538, 552 (1972))).

331. Krotoszynski, *supra* note 265, at 557; see also William Van Alstyne, *Cracks in "The New Property": Adjudicative Due Process in the Administrative State*, 62 Cornell L. Rev. 445, 453-56 (1977) (noting that the Due Process Clause equates the importance of life, liberty, and property).

332. See, e.g., *Jacobs Wind Elec. Co. v. Florida Dep't of Transp.*, 919 F.2d 726, 727-29 (Fed. Cir. 1990) (discussing Florida's installation of a patented tidal flow system for improving water quality without the patent holder's authorization); *Chew v. California*, 893 F.2d 331, 332 (Fed. Cir. 1990) (discussing the patent holder's allegation that California's automobile emissions testing process infringed upon her patent); *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 948 F. Supp. 400, 402 (D.N.J. 1996) (discussing a bank's claim that a body of the State of Florida infringed upon its patent on "a method to provide a return adequate to meet payouts for funding the uncertain cost of a college education at a future date"), *aff'd*, 131 F.3d 353 (3d Cir. 1997), *cert. granted*, 67 U.S.L.W. 3127 (U.S. Jan. 8, 1999) (No. 98-149), and *aff'd*, 148 F.3d 1343 (Fed. Cir. 1998), *cert. granted*, 67 U.S.L.W. 3279 (U.S. Jan. 8, 1999) (No. 98-531).

333. See, e.g., *Princeton Univ. Press v. Michigan Document Servs.*, 99 F.3d 1381, 1385-86 (6th Cir. 1996) (en banc) (holding that the defendant violated the Copyright Act by copying excerpts of copyrighted works and selling them in "coursepacks" to university students), *cert. denied*, 117 S. Ct. 1336 (1997); *Basic Books, Inc. v. Kinko's Graphics Corp.*, 758 F. Supp. 1522, 1526 (S.D.N.Y. 1991) (same).

slogans to popularize state programs.<sup>334</sup> Second, a state actor often may suspect that the property is protected. Nevertheless, in the absence of any procedures a state actor may fail to determine whether it actually is protected and, if so, the extent of the protection for the purpose of judging whether the state's intended use of the property would be an infringing use. Third, even intentional deprivations are predictable at least to some extent, especially where there is a pattern of this type of conduct or where state actors are in positions to abuse their discretion to cause a deprivation. Moreover, it is likely that the state can implement at least some predeprivation procedures for state officials to follow each time they need to use potentially protected property which would curb these unauthorized uses of intellectual property. The precise procedures required by the Due Process Clause in this context are the focus of the next section.

### 3. Due Process of Law

After determining that the property interest at stake is cognizable under the Fourteenth Amendment, and that the state has deprived the owner of the property, the last inquiry is whether the deprivation occurred without due process of law. Generally, this third element implicitly necessitates determining the minimal procedures required by due process for a given deprivation. Our focus here is to discover what procedural safeguards due process requires for deprivations of intellectual property so that we can analyze whether the states' comprehensive liability under the federal intellectual property laws is a valid exercise of congressional power to vindicate those due process rights.

The Court has held that "due process, unlike some legal rules, is not a technical conception with a fixed content unrelated to time, place and circumstances,"<sup>335</sup> but that generally "[t]he fundamental requirement of due process is the opportunity to be heard 'at a meaningful time and in a meaningful manner.'"<sup>336</sup> In *Mathews v. Eldridge*,<sup>337</sup> the Court established a balancing test for determining what process is due in a particular case. Under this test, a court must weigh the following three factors: (1) the private interest at stake; (2) "the risk of an erro-

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334. See, e.g., *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 955 F. Supp. 605, 616-22 (E.D. Va. 1997) (discussing Ringling Bros.-Barnum & Bailey's claim that Utah's Division of Travel Development had diluted its trademark "THE GREATEST SHOW ON EARTH" by using the slogan "THE GREATEST SNOW ON EARTH" to attract tourists); *Woelffer v. Happy States of Am., Inc.*, 626 F. Supp. 499, 501 (N.D. Ill. 1985) (discussing claimant's allegation that Illinois' use of slogan "Illinois, you put me in a happy state" constituted a Lanham Act violation).

335. *Cafeteria & Restaurant Workers Union, Local 473 v. McElroy*, 367 U.S. 886, 895 (1961) (internal quotations omitted).

336. *Mathews v. Eldridge*, 424 U.S. 319, 333 (1976) (quoting *Armstrong v. Manzo*, 380 U.S. 545, 552 (1965)).

337. 424 U.S. 319 (1976).

neous deprivation of such interest through the procedures used, and the probable value, if any, of additional or substitute procedural safeguards"; and (3) the governmental interest involved and the burden that would be placed on the government if the safeguards are required.<sup>338</sup>

This test has been applied in numerous contexts since *Mathews*. The results have been mixed, but the Court generally has held that the Due Process Clause requires "some kind of a hearing" prior to a deprivation of liberty or property,<sup>339</sup> recognizing an exception only where "[t]he necessity of quick action by the State or the impracticality of providing any predeprivation process' may mean that a postdeprivation remedy is constitutionally adequate."<sup>340</sup> The following four cases, each representing the *Mathews* test applied to a different type of conduct by a state actor, are relevant to our determination of what procedures are necessary in the context of intellectual property infringements by state actors. In *Logan v. Zimmerman Brush Co.*,<sup>341</sup> the Court held that the Due Process Clause requires a predeprivation hearing where the state actor who caused the deprivation acted pursuant to an established state statutory scheme that authorized the conduct.<sup>342</sup> The Court found that additional safeguards would have reduced the risk of erroneous deprivations, and that, because the state had abandoned a practice previously within the statutory scheme directing state officials, it could not argue that adding steps to the procedure would be overly burdensome.<sup>343</sup> By contrast, in *Hudson v. Palmer*,<sup>344</sup> the Court determined that a postdeprivation tort remedy suffices where a state actor acts without authority and with intent to work a deprivation, because the state could not predict or prevent the state official's intentional, unauthorized deprivation of property.<sup>345</sup> In *Zinermon v. Burch*, the Court held that some predeprivation process is due in cases of predictable deprivations.<sup>346</sup> Finally, as we saw above, the Court held in *Daniels v. Williams* that a deprivation resulting from merely negligent conduct, like that involved in *Parratt*, does not invoke due process protection at all.<sup>347</sup>

338. *Id.* at 335.

339. *Zinermon v. Burch*, 494 U.S. 113, 127 (1990); *see also* *Ingraham v. Wright*, 430 U.S. 651, 678 (1977) (discussing the need for administrative safeguards where corporal punishment is contemplated by school authorities); *Board of Regents of State Colleges v. Roth*, 408 U.S. 564, 569-70 & n.7 (1972) (stating that, except in extraordinary situations, a prior hearing is required before the deprivation of a protected interest).

340. *Zinermon*, 494 U.S. at 128 (quoting *Parratt v. Taylor*, 451 U.S. 527, 539 (1981), *overruled in part* by *Daniels v. Williams*, 474 U.S. 327 (1986)).

341. 455 U.S. 422 (1982).

342. *See id.* at 436.

343. *See id.* at 434-36 & n.10.

344. 468 U.S. 517 (1984).

345. *See id.* at 533.

346. *See Zinermon v. Burch*, 494 U.S. 113, 136-39 (1990).

347. *See supra* notes 298-303 and accompanying text.

Applying these cases to deprivations of intellectual property, it appears that if the expansive view of *Zinermon* discussed in the previous section is correct, then many intellectual property infringements are predictable deprivations requiring predeprivation process under *Zinermon*.<sup>348</sup> If the narrow interpretation is correct, however, and many of these deprivations do not fall under *Zinermon*'s authority, then due process requirements must be addressed in a piecemeal fashion, because the deprivations caused by negligence would not implicate the Due Process Clause at all, and the procedures required for deprivations caused by intentional conduct depend on whether the conduct was authorized or unauthorized.<sup>349</sup> The distinction between the narrow and expansive views will become more important later when we turn our attention to the issue of whether, under the Due Process Clause, Congress can subject the states to comprehensive liability under the Patent, Copyright, and Lanham Acts. For now we will assume that some predeprivation process is required, and we return to the *Mathews* balancing test to determine what that process must entail.

Under the first element of the *Mathews* test, it cannot be denied that intellectual property is a weighty private interest. Many businesses are formed around the owner's single patented invention; many individuals have gained fame and fortune on the basis of one copyrighted song or book; and many famous companies would be headless without their trademark (Coca-Cola, for example). When the state uses intellectual property without the consent of the owner, it essentially deprives the owner of the right to licensing revenue. Although not equivalent to depriving the owner of the entire benefit of the property, this deprivation is no less deserving of due process protection, because the right to license is often one of the most profitable attributes of intellectual property ownership.<sup>350</sup>

The second *Mathews* factor inquires into the sufficiency of current procedures to avoid erroneous deprivations and the efficacy of adding or substituting other procedures. The third factor considers the burden on the government of implementing those additions or substitutes. States often have few or no procedures in place to protect against "erroneous" or "unlawful" deprivations of intellectual property.<sup>351</sup> While state agencies may declare a general policy of nonin-

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348. See *supra* notes 322-24 and accompanying text.

349. See *supra* notes 319-21 and accompanying text.

350. Due process has no analogue to the takings law rule that the state affects a regulatory taking only when it has rendered the property almost valueless. See Tribe, *supra* note 176, § 9-3, at 593 n.3 (indicating that the Court has allowed government regulation to diminish the value of property by more than 75% without requiring compensation).

351. By contrast, they usually have strict rules regarding the ownership of intellectual property created by state employees. See, e.g., University of Florida Intellectual Property Policy (n.d.) (on file with authors) (discussing these rules). In addition,

fringement, *Zinerman* suggests that this is not enough to satisfy the dictates of procedural due process.

To illustrate, suppose that a state announced, "It is the policy of the state of X that state employees may not use any form of legally protected intellectual property without the owner's consent." When an employee infringes intellectual property rights anyway, the state might answer simply that the employee's conduct was a random and unauthorized departure from state policy. It seems that this is the type of scenario that divided the *Zinerman* Court. The dissent apparently would have allowed a state to make this argument and thus would have required only postdeprivation process.<sup>352</sup> The majority, however, (at least under the expansive view) probably would characterize the employee's conduct not as a departure from established state procedure, but rather as an exercise of "broadly delegated, uncircumscribed power" to act within the interstices of a porous policy, requiring additional predeprivation safeguards.<sup>353</sup> Thus, if a state's failure to adequately fill in the gaps of its policy results in failure to provide the required predeprivation process,<sup>354</sup> procedural due process rights have been violated.

While procedural due process seems to require more at the predeprivation stage than a feckless statement of a policy of non-infringement, it probably does not mandate a full-blown trial-type hearing because such a requirement would place an enormous administrative burden on states.<sup>355</sup> Rather, the *Mathews* test requires that we balance the benefits and burdens of procedure to reach a compromise. Interestingly, the benefits and burdens, and thus also the

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states also may place provisions regarding the ownership of intellectual property developed by state employees in employment contracts. See generally 8 Chisum, *supra* note 38, §§ 22.01, 22.02 (discussing ownership of patent rights).

352. See *Zinerman v. Burch*, 494 U.S. 113, 143-44 (1990) (O'Connor, J., dissenting) ("The unauthorized and wrongful character of the departure from established state practice makes additional procedures an 'impracticable' means of preventing the deprivation.").

353. *Id.* at 136. The majority reached this issue of its own volition, because, as the dissent pointed out, Burch did not allege that the state's procedures were inadequate. See *id.* at 140 (O'Connor, J., dissenting). Rather, he claimed that the state officials "knew or should have known" that he was incompetent, and nonetheless admitted him as a voluntary patient in willful, wanton, and reckless disregard of his constitutional rights. *Id.* The majority summarily dismissed pleading formalities, however, stating that "[i]t is immaterial whether the due process violation Burch alleges is best described as arising from petitioners' failure to comply with state procedures for admitting involuntary patients, or from the absence of a specific requirement that petitioners determine whether a patient is competent to consent to voluntary admission." *Id.* at 135-36.

354. Theoretically, the state actor could provide the predeprivation process on her own without an established procedure. This is unlikely to occur, but if it does there is no due process violation.

355. The only context in which the Court has required a predeprivation hearing resembling a trial was in a state's termination of welfare benefits. See *Goldberg v. Kelly*, 397 U.S. 254, 268-71 (1970).

process that is due, vary with the type of intellectual property at issue and the circumstances surrounding each deprivation. Here we simply make some suggestions for predeprivation safeguards amounting to less than a hearing which we think could be implemented in most, but probably not all, cases of intellectual property deprivation.

When dealing with patents, the risk of erroneous deprivation with virtually nonexistent state procedures is high, and the burden of providing additional procedure is low. First, it is possible for the potential user of a patented invention not to know that it is patented. Sometimes the U.S. Patent Office number that generally is affixed to a material invention or its container is absent.<sup>356</sup> In addition, patented processes cannot be affixed with a number.<sup>357</sup> Moreover, once a state has made, used, or sold a patented invention or process, there are few defenses to a claim of patent infringement. Most notably, unlike under trade secret law, independent development is not a defense under the Patent Act.<sup>358</sup> Thus, absent predeprivation procedures, the risk of erroneous deprivation is substantial. It may be fairly easy, however, to implement some safeguards. If states are required to contact the patent owner—if the owner is known—or to conduct a search of patent office records, the state could determine whether the invention is patented, and, if it is, the scope of the patent “claims” in order to make an educated guess as to whether the state’s intended use would constitute infringement.<sup>359</sup>

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356. Section 287(a) of the Patent Act provides:

Patentees, and persons making, offering for sale, or selling within the United States any patented article for or under them, or importing any patented article into the United States, may give notice to the public that the same is patented, either by fixing thereon the word “patent” or the abbreviation “pat.”, together with the number of the patent, or when, from the character of the article, this can not be done, by fixing to it, or to the package wherein one or more of them is contained, a label containing a like notice.

35 U.S.C. § 287(a) (Supp. II 1996).

It is interesting to note, however, that the failure to affix this notice precludes an award of damages “except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice.” *Id.*

357. According to an attorney in the General Counsel’s office at the University of Florida, process cases account for a fairly substantial percentage of patent infringement claims against universities because university employees often are not aware that a process is patented. Telephone Interview with Barbara Wingo, Attorney in the General Counsel’s Office at the University of Florida (Mar. 13, 1998).

358. While intent is not required to hold an infringer liable for compensatory damages under the Patent Act, courts usually will award enhanced damages only in cases of willful infringement. *See supra* notes 37-41 and accompanying text. There are a few very narrow exceptions or defenses to patent infringement, including, for example, the experimental use doctrine. *See* 5 Chisum, *supra* note 38, §16.03[1], at 16-100 to -02.

359. It is also important to note that requiring this procedure may protect the state as well. A state entity or official occasionally purchases an invention from a seller assuming that it either is not patented or that the seller owns the patent. If another

Copyrighted works, on the other hand, entail very different considerations. The Copyright Act's broad coverage, regardless of registration with the Copyright Office, of all "original works of authorship fixed in any tangible medium of expression"<sup>360</sup> means that infringement may occur each time a state actor copies or distributes a manuscript, an e-mail message, or other copyrighted work without the owner's permission. The "fair use" defense curtails the scope of copyright protection, providing that no infringement occurs when a copyrighted work is used "for purposes such as criticism, comment . . . , teaching (including multiple copies for classroom use), scholarship, or research . . . ."<sup>361</sup>

Even with the Copyright Act's provision for fair use, the risk of erroneous deprivation may be fairly high. Requiring an additional layer of predeprivation process might not materially decrease the risk of erroneous deprivation, however. Many state actors may be aware that most works are protected. The familiar copyright symbol adorns many copyrighted works, and although we may see the copyright symbol less frequently since Congress deleted it as a prerequisite to protection in 1989,<sup>362</sup> any resulting difficulty in identifying copyrighted works in the future may be counteracted by (1) the Copyright Act's broad coverage; and (2) growing public awareness of copyright law brought about by its pervasiveness in daily life.<sup>363</sup> Thus, requiring the state to conduct a search of Copyright Office records, for example, may not yield any real benefit because the search would reveal only whether the work has been registered, and not any additional information indicating whether the state's intended use of the work would constitute infringement.<sup>364</sup> Arguably, the only way to make that determination would be to hold some kind of hearing in which lawyers

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later claims to own the patent, then the state could become a party to protracted patent litigation.

Of course, there are some limitations on the application of these principles. It would be unreasonable to expect a state to determine the patent status of every component of a complex machine such as a computer. The prospect of a mere end user of a machine that incorporates a patented component being sued is, however, probably very remote.

360. 17 U.S.C. § 102 (1994).

361. *Id.* § 107. See generally 4 Nimmer & Nimmer, *supra* note 157, § 13.05, at 149-52 (discussing the defense of fair use).

362. The current rule is that the notice of copyright *may* be placed on a work, and that "[i]f a notice of copyright . . . appears on the published copy or copies to which a defendant in a copyright infringement suit had access, then no weight shall be given to such a defendant's interposition of a defense based on innocent infringement in mitigation of actual or statutory damages. . . ." 17 U.S.C. § 401(d).

363. Examples of this pervasiveness include familiar library and copy center rules, FBI warnings on rented videocassettes, and highly publicized Hollywood copyright litigation. See, e.g., Sandra Torrey, *Fact, Fiction and Fairness: The Copyright Wars Surge*, Wash. Post, June 19, 1995, at F7.

364. See Blair & Cotter, *supra* note 31, at 1675-78 (discussing the costs and benefits associated with searching the copyright registry).

and expert witnesses discuss technical issues such as whether the fair use defense applies. Requiring such a hearing or a Copyright Office search every time a state wanted to make copies would, however, pose an inordinate burden for the benefits to be achieved. Thus, perhaps a state policy against copyright infringement, coupled with training for state actors on what constitutes infringement and fair use, provides all the predeprivation process that is required for the state's use of a copyrighted work.

Finally, due process may require a state to contact the owner of a trademark—if the owner is known—or to conduct a search of trademark office records before using a mark that it believes may be protected.<sup>365</sup> If the mark is well-known, the risk of erroneous deprivation is high, because many uses of the mark probably would be deemed infringing or diluting.<sup>366</sup> That risk can be greatly reduced by requiring the state to contact the owner, if known, or else to conduct a trademark search in order to learn the identity of the person with whom the state must negotiate.<sup>367</sup> If the state has no reason initially to know whether the mark is protected, however, the analysis is somewhat more complicated. On the one hand, the risk of unlawful deprivation may be only moderate for the use of marks that are nonfamous, because (for example) the state's use may not be "likely to cause confusion" as to the source of the goods,<sup>368</sup> the trademark's geographical scope may be limited, or the trademark may have been abandoned; many such marks also may be unregistered and therefore may elude search efforts. On the other hand, states probably do not need to use marks as frequently as private entities do, in which case the minimal burden of requiring the state to conduct a pre-use search of Trademark Office records whenever it *does* need to use a mark may be commensurate with the decrease in the risk of erroneous deprivation.

Once the state has provided predeprivation process, one of three things will occur: the state will decide not to use the intellectual property after all; the state will decide to use the property and obtain the proper license or consent; or the state will use the property without obtaining the proper license or consent. Only the third course of ac-

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365. The state could either conduct the search itself or hire a trademark search firm to search the federal registry and other relevant registries and databases to check the availability of a particular mark. *See id.*; *see also* International Star Class Yacht Racing Ass'n v. Tommy Hilfiger, U.S.A., Inc., 80 F.3d 749, 753 (2d Cir. 1996) (concluding that the district court erred in failing to consider the limited extent of defendant Hilfiger's search in determining whether Hilfiger had committed willful infringement).

366. *See supra* notes 69-74 and accompanying text. Abandonment of the mark is a defense to a suit for infringement of a registered mark, *see* 15 U.S.C.A. § 1115(b)(2) (West 1997), but if a mark is famous, it is unlikely to have been abandoned. *See id.* § 1125(c) (listing factors a court may consider in determining whether a trademark is famous).

367. We assume that most "well-known" marks probably would be registered with the Patent and Trademark Office.

368. *See supra* note 72 and accompanying text.



tion further implicates the Due Process Clause. It suggests the need for a postdeprivation remedy in cases where the state's use of the property constitutes an infringement.<sup>369</sup>

In *McKesson Corp. v. Division of Alcoholic Beverages and Tobacco*, the Supreme Court ruled that the Due Process Clause requires a state to provide an adequate postdeprivation remedy for the payment of an unconstitutional tax where the state has established a system of sanctions to encourage businesses to pay the tax before challenging it, thereby denying a predeprivation opportunity to contest the validity of the tax.<sup>370</sup> In addition, some commentators have argued that the

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369. It should be noted that there may be some situations in which predeprivation process suffices without the opportunity for a postdeprivation remedy for losses that occur despite the predeprivation safeguards. See *Reich v. Collins*, 513 U.S. 106, 110-11 (1994) (citing and affirming *McKesson* for the proposition that in the exaction of taxes, a state "has the flexibility to maintain an exclusively predeprivation remedial scheme, so long as that scheme is 'clear and certain.' . . . [A state is also allowed] to maintain an exclusively postdeprivation regime . . . or a hybrid regime"); *McKesson Corp. v. Division of Alcoholic Beverages and Tobacco*, 496 U.S. 18, 36-37 (1990) (holding that a state may choose to provide predeprivation process, postdeprivation process, or both in the exaction of taxes); *Vukadinovich v. Board of Sch. Trustees*, 978 F.2d 403, 411 (7th Cir. 1992) (holding that a postdeprivation process was not required where a hearing "akin to a trial" was held prior to petitioner's termination from employment). This argument becomes more valid as the predeprivation process tends toward a complete trial-like hearing. Because requiring states to provide comprehensive predeprivation process would be overly burdensome, however, the *Mathews* balancing test generally permits states to provide some minimal predeprivation process coupled with an opportunity for a postdeprivation remedy for losses that occur despite the safeguards. See *Cleveland Bd. of Educ. v. Loudermill*, 470 U.S. 532, 545-46 (1985); *Mathews v. Eldridge*, 424 U.S. 319, 343-49 (1976); cf. *Collyer v. Darling*, 98 F.3d 211, 223 (6th Cir. 1996) (holding that all the process afforded, including both predeprivation and postdeprivation process, should be considered together to determine whether the Due Process Clause has been satisfied), *cert. denied*, 117 S. Ct. 2439 (1997); *Winegar v. Des Moines Indep. Community Sch. Dist.*, 20 F.3d 895, 901 (8th Cir. 1994) (same); *Fields v. Durham*, 909 F.2d 94, 97 (4th Cir. 1990) (same). The predeprivation safeguards that we suggest are minimal and would be inadequate in most cases to satisfy due process requirements if they are not followed by an opportunity for a postdeprivation remedy. There is one situation, however, in which the state may not be required to provide a postdeprivation remedy following this process. If the state establishes the required predeprivation procedures pursuant to *Zinermon*, and then a state officer negligently infringes intellectual property rights anyway, it seems that the Due Process Clause would not be implicated and would not require a postdeprivation remedy. Recall that *Zinermon* would create an exception to the *Daniels* rule that negligent deprivations of property do not implicate the Due Process Clause when it is predictable that negligent deprivations will occur in the absence of adequate predeprivation process. See *supra* text accompanying notes 319-25. In that case, *Zinermon* requires a state to establish predeprivation safeguards, but it says nothing about postdeprivation remedies for deprivations that occur despite the safeguards.

370. *McKesson*, 496 U.S. at 51. The Court held that the state had the option of providing predeprivation process, postdeprivation process, or both. See *supra* note 369. This holding probably does not cut against the conclusion that predeprivation process is required in the intellectual property context, however, because the Court emphasized the state's special need for flexibility in the tax context, stating, "We have already noted that States have a legitimate interest in sound fiscal planning and that

*Parratt* line of cases had established the necessity of an adequate postdeprivation remedy several years before *McKesson*.<sup>371</sup> Thus, it seems fairly clear that the Due Process Clause requires an "adequate postdeprivation remedy" for an erroneous deprivation of property.

In the intellectual property context, an "adequate postdeprivation remedy" would require the state to make available an action for compensation for the use of the intellectual property. It is unclear whether the cause of action provided must be against the state itself or whether one against the state officer would be adequate.<sup>372</sup> What is clear, however, is that the property owner must have *some* meaningful remedy. Thus, it appears that the state cannot shield itself from suit by invoking sovereign immunity *and simultaneously* shield its officers by providing them with official immunity.<sup>373</sup> The action may take the form of a tort suit or some other state cause of action in state court.<sup>374</sup> Interestingly, the intellectual property owner could not bring a § 1983 action for a violation of procedural due process at this point (even in state court), because until the state has had an opportunity and has refused to provide a postdeprivation remedy, there can be no procedural due process violation.<sup>375</sup>

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this interest is sufficiently weighty to allow States to withhold predeprivation relief for allegedly unlawful tax assessments, providing postdeprivation relief only." *McKesson*, 496 U.S. at 50.

371. See, e.g., Brown, *supra* note 289, at 829 & n.118 (discussing *Parratt*'s foreshadowing of a requirement to exhaust procedural due process); Rodney A. Smolla, *The Displacement of Federal Due Process Claims by State Tort Remedies: Parratt v. Taylor and Logan v. Zimmerman Brush Company*, 1982 U. Ill. L. Rev. 831, 873-877 (arguing that under *Parratt* postdeprivation process could give adequate compensation).

372. Compare *Hudson v. Palmer*, 468 U.S. 517, 535 (1984) (apparently deciding that Virginia law provided an adequate postdeprivation tort remedy because it allowed "a State employee [to] be held liable for his intentional torts" (quoting *Elder v. Holland*, 155 S.E.2d 369, 372-73 (Va. 1967))), with *McKesson*, 496 U.S. at 37-39 (apparently requiring a postdeprivation remedy against the state itself).

373. See Brown, *supra* note 289, at 838-39; Smolla, *supra* note 371, at 875-77. Vázquez has argued, however, that *McKesson* should be reinterpreted to require a damage remedy against the state actor personally under the Supremacy Clause rather than one against the state under the Due Process Clause, because only a comprehensive system of state employee liability reconciles Eleventh Amendment and rule-of-law principles. See Vázquez, *supra* note 101, at 1770-806. If Vázquez's view prevails and individuals are entitled to a postdeprivation remedy only from the state actor personally, the existing availability of a postdeprivation remedy against the state official in federal court may virtually obviate the need for states to provide an opportunity for a postdeprivation remedy against the state official in state court.

374. Congress may have to repeal the exclusive federal jurisdiction statutes in order for the state court to exercise jurisdiction, but this should not present a major obstacle. See *supra* text accompanying notes 220-23.

375. See Smolla, *supra* note 371, at 874-75. This conclusion flows from the Court's holding that an adequate postdeprivation remedy satisfies due process requirements in some circumstances. See *id.* As we shall see, this postponement of a procedural due process cause of action, which essentially acts as an exhaustion requirement, may cut against a finding of congressional power under the procedural due process clause to pass the Remedy Clarification Acts, which expose states to comprehensive liability

With respect to the amount of compensation that must be awarded, the state may have substantial latitude to decide what compensation is due as a matter of due process.<sup>376</sup> *Parratt* held that a postdeprivation remedy need not be as generous as a civil rights action remedy to be constitutionally adequate.<sup>377</sup> *McKesson*, additionally, gave the state broad discretion to fashion the postdeprivation monetary remedy.<sup>378</sup> Because of the speculative nature of appraising the value of intellectual property at the postinfringement stage,<sup>379</sup> the state's freedom to shape an appropriate remedy under *Parratt* and *McKesson* may manifest itself in the valuation of the property. Possible definitions of infringement damages include (1) the actual value of a license (if known); (2) the reasonable value of a license; (3) the plaintiff's lost profits; or (4) the defendant's profits.<sup>380</sup> Thus, due process may permit a state to choose any one of these models to apply in all cases or potentially to elect to pay only the *least* of these four amounts as calculated in any individual case.

#### 4. Implications

In the previous section, we discussed intellectual property infringement as a violation of procedural due process. Because the applicability and dictates of due process vary from case to case, we concluded that some, but probably not all, of a state's unauthorized uses of intellectual property would be unconstitutional under the procedural prong of the Due Process Clause. Furthermore, we found that constitutionally-required remedies for most of these deprivations are rather modest. In this section, we seek to find whether the Remedy Clarification Acts, which expose states to comprehensive liability under the Patent Act, Copyright Act, and Lanham Act, are legitimate exercises of congressional power, under section 5 of the Fourteenth Amendment, to vindicate procedural due process rights in intellectual property.

The first possible objection to the Remedy Clarification Acts is that they may expose states to liability for violations of rights that do not protect "property" under the Due Process Clause. In the previous section, we outlined two possible views of "property" under the proce-

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under federal intellectual property laws *as of the time of infringement*. See *infra* text accompanying notes 391-97.

376. By contrast, under a takings analysis, it is fairly clear that "just compensation" would equate to the value of a license to use the intellectual property, because that is what has been "taken." See *supra* Part II.

377. See *Parratt v. Taylor*, 451 U.S. 527, 543-44 (1981).

378. See *McKesson Corp. v. Division of Alcoholic Beverages and Tobacco*, 496 U.S. 18, 39-41 (1990).

379. See generally Blair & Cotter, *supra* note 31 (devising an economic model of optimal damages for use in intellectual property litigation and examining the ways in which existing damages rules differ from the model).

380. See *id.* at 1587-88.

dural Due Process Clause—a traditional view and a broad view.<sup>381</sup> If the broad view is correct, then the set of rights protected by the Due Process Clause is virtually coextensive with the set covered by the Remedy Clarification Acts. If the traditional view is correct, however, then due process property rights account for some, but not all, of the provisions under the federal laws. In the latter case, the question becomes whether it is permissible for Congress, under section 5 of the Fourteenth Amendment, to prohibit states from using property that is not protected by the Due Process Clause.

In *City of Boerne*, which we discussed at some length in regard to the Takings Clause portion,<sup>382</sup> the Court held that Congress's enforcement power under section 5 of the Fourteenth Amendment extends only to remedying unconstitutional conduct and not to making "a substantive change in constitutional protections."<sup>383</sup> The Court acknowledged, however, that Congress may sometimes prohibit state conduct that is not facially unconstitutional if such a prohibition is necessary to remedy or prevent unconstitutional behavior,<sup>384</sup> provided that there is "a congruence and proportionality between the injury to be prevented or remedied and the means adopted to that end."<sup>385</sup>

If the traditional view of property under the Due Process Clause is correct, it is unlikely that Congress's incidental power under *City of Boerne* would extend to holding states liable for violations of the fringe rights under the federal intellectual property laws. Because the provisions protecting these rights are separate from and independent of the provisions protecting traditional rights, requiring different elements of proof to establish claims, Congress's prohibiting the states' violation of these rights would not remedy or prevent violations of traditional rights.<sup>386</sup> Thus, the traditional view of property may be fatal to the Remedy Clarification Acts' attempt to hold states liable for violations of rights such as moral rights and rights against trademark dilution and some other forms of unfair competition.

The second potential objection to the Remedy Clarification Acts as an exercise of power under the Due Process Clause deals with the state of mind required to work a deprivation. Treating states the same

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381. See *supra* text accompanying notes 280-94.

382. See *supra* text accompanying notes 224-41.

383. *City of Boerne v. Flores*, 117 S. Ct. 2157, 2170 (1997); see also *supra* text accompanying notes 230-34 (discussing the Court's opinion).

384. See *id.* at 2163; see also *supra* text accompanying notes 235-39 (discussing the Court's opinion).

385. *City of Boerne*, 117 S. Ct. at 2164; see also *supra* text accompanying notes 240-41 (discussing the Court's opinion).

386. For example, trademark infringement requires a finding that the alleged infringer's use of the property causes a likelihood of confusion as to the source of the product or service, whereas trademark dilution requires no such finding. Conversely, a mark owner must show that the mark is "famous" to prevail in a trademark dilution action but not in a trademark infringement suit. See *supra* notes 65-74 and accompanying text.

as private individuals,<sup>387</sup> the Remedy Clarification Acts hold states liable for all intellectual property infringements regardless of the state actor's intent to infringe. Based on our discussion of *Zinermon*, we know that if the expansive view of the definition of deprivation is correct, many infringements of intellectual property by state actors, whether negligent or intentional, are predictable enough to trigger due process protection.<sup>388</sup> If, on the other hand, the narrow view of what constitutes a deprivation under the Due Process Clause is correct, then due process probably supports state liability for few negligent deprivations.<sup>389</sup> Given the difficulties in proving a state actor's intent, however, holding a state liable for allegedly negligent deprivations arguably would serve to enforce liability for intentional deprivations.<sup>390</sup> Thus, this expansion of congressional power may be permissible under *City of Boerne*.

The third problem with the Remedy Clarification Acts as an assertion of power to remedy violations of the Due Process Clause involves a ripeness or exhaustion issue. The Remedy Clarification Acts subject states to suit under the federal intellectual property laws *as of the time of infringement*. Recall that if the expansive view of what constitutes a deprivation under the Due Process Clause is correct, then many deprivations of property at the hands of a state are predictable enough generally to require predeprivation process.<sup>391</sup> Thus, where a state uses intellectual property without the owner's consent and without providing the required predeprivation safeguards, it violates the Constitution at the time of infringement, and, arguably, Congress is justified in subjecting the state to suit at that point.<sup>392</sup>

By contrast, according to the narrow view of what conduct works a deprivation in the constitutional sense, predeprivation process would be required in only a small percentage of cases—that is, in only those cases involving conduct authorized by the state.<sup>393</sup> Postdeprivation process would suffice for intentional, unauthorized conduct,<sup>394</sup> and no process at all would be required for negligent conduct causing depri-

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387. See *supra* note 144 and accompanying text.

388. See *supra* text accompanying note 332.

389. See *supra* text accompanying notes 325-27.

390. In some sense, even "innocent" infringements are intentional, to the extent that the infringer could avoid infringing by conducting additional search activities. See Blair & Cotter, *supra* note 31, at 1675-78.

391. See *supra* text accompanying note 322-24, 332.

392. The argument that an expansive view of *Zinermon*'s predictability rule solves the ripeness problem is somewhat tenuous. First, it does not explain how a state could be made amenable to suit at the time of infringement where the state *has* provided predeprivation procedures. Second, where the state omits to provide required predeprivation procedures, the property owner has a due process right to compensatory damages at the time of infringement only if she can prove that the failure to provide the predeprivation safeguards caused the loss. Otherwise she would be entitled to only nominal damages under *Carey v. Piphus*, 435 U.S. 247, 264-67 (1978).

393. See *supra* notes 319-21 and accompanying text.

394. See *supra* notes 319-21, 349 and accompanying text.

ventions that were unauthorized by the state.<sup>395</sup> Where postdeprivation process is sufficient, the state does not effect a deprivation of property without due process of law until it has been given an opportunity to afford an adequate postdeprivation remedy and has refused to do so.<sup>396</sup> This postponement of a due process cause of action, which essentially imposes a requirement on intellectual property owners similar to the ripeness requirement under takings law,<sup>397</sup> means that under the Constitution, an owner's right to bring a claim for violation of due process does not vest at the time of infringement, but rather at some time in the future, if at all. Thus, under the narrow view, Congress's effort to accelerate the amenability of states to suit for infringement in federal court may be viewed as an attempt to expand procedural due process rights in contravention of the guidelines established in *City of Boerne*.

The final difficulty with sustaining the Remedy Clarification Acts as an exercise of congressional power under procedural due process deals with the panoply of remedies afforded to intellectual property owners against the states by virtue of the Acts. Under the federal intellectual property laws, intellectual property owners may obtain injunctive relief, compensatory damages, and enhanced damages in some circumstances.<sup>398</sup> First, injunctive relief probably is not available as a matter of procedural due process prior to a state's use of intellectual property if procedural due process requires only minimal predeprivation procedures,<sup>399</sup> not an opportunity to contest the state's use of the property or to get an injunction. Due process probably entitles a property owner to an injunction against the state *after* the infringement or deprivation has begun, but arguably not before the state holds the postdeprivation hearing to determine liability.<sup>400</sup> While courts have avoided Supremacy Clause implications in similar situations by providing injunctive relief against the state actor under *Ex parte Young*, this escape does not provide Congress with power to enjoin the state itself.<sup>401</sup> Second, in the previous section, we noted

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395. See *supra* notes 296-303, 349 and accompanying text.

396. See *supra* note 375 and accompanying text.

397. See *supra* text accompanying notes 242-44.

398. See *supra* Part I.A.

399. See *supra* text accompanying notes 355-68.

400. While our research has found no cases addressing this issue, it seems unlikely that a court would award retrospective compensation for a procedural due process violation but then refuse to grant a request for injunctive relief to prevent the same violation from occurring in the future.

401. See *supra* notes 114-17 and accompanying text. The Court has suffered a great deal of criticism in order to maintain its "fictional distinction between the state and its officers." Chemerinsky, *supra* note 97, § 7.5, at 392. While the distinction between suing a state officer and a state admittedly has little practical effect—most states statutorily agree to indemnify or otherwise protect their agents and thus have an interest in controlling the agents' conduct—it frequently has provided a convenient escape hatch from Eleventh Amendment immunity principles when they threaten to seri-

that a state must provide compensation for a wrongful deprivation of property in order to comport with procedural due process requirements, but that it may have some leeway to decide what that compensation should be.<sup>402</sup> Arguably, this latter observation renders suspect provisions that would require states to pay, at a minimum, a specified amount of damages, such as the Patent Act's provision for damages "in no event less than a reasonable royalty . . . ."<sup>403</sup> Third, the enhanced damages provisions of the intellectual property laws, even if restricted to cases of willful infringement,<sup>404</sup> find virtually no support in procedural due process jurisprudence. The most that is awarded to right a due process wrong is compensatory damages. Although it may be argued that the enhanced damages provisions are remedial and preventative in nature under *City of Boerne*—because they remedy and deter violations that otherwise would go unenforced where small-scale compensatory damages provide an inadequate incentive to seek redress<sup>405</sup>—they might just as easily be characterized as substantive provisions creating a right to additional damages. Eleventh Amendment jurisprudence may inform Fourteenth Amendment interpretation here because, given that federal court judgments requiring a state to make payments from state treasuries historically have been viewed as hostile to the principles underlying the Eleventh Amendment,<sup>406</sup> an award amounting to two or three times the compensatory damages might seem particularly offensive.

### B. *Substantive Due Process*

In the previous sections we noted that under both the Takings and Procedural Due Process theories, the Remedy Clarification Acts are suspect because, among other reasons, they provide an intellectual property owner aggrieved by a state's unauthorized use of her property with immediate access to federal court as of the time of infringe-

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ously undermine rule-of-law ideals. See Charles A. Wright, *Law of Federal Courts* § 48, at 291 (4th ed. 1983); Vázquez, *supra* note 101, at 1686.

402. See *supra* text accompanying notes 376-80.

403. 35 U.S.C. § 284 (1994); see also 17 U.S.C. § 504(b) (1994) ("The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages.").

404. See *supra* notes 41, 63, 82 and accompanying text.

405. See Blair & Cotter, *supra* note 31, at 1619-22 (explaining that this is one of the rationales for the enhanced damages provisions). It seems unlikely, however, that Congress's passing references to the Fourteenth Amendment in the Senate Report accompanying the Remedy Clarification Acts, see S. Rep. No. 102-280, at 8 (1992), reprinted in 1992 U.S.C.C.A.N. 3087, 3094, can be viewed as findings that enhanced damages may be necessary to deter otherwise unenforceable procedural due process violations.

406. See, e.g., *Edelman v. Jordan*, 415 U.S. 651, 667-68 (1974) (finding Illinois state officials immune to § 1983 claims for damages); *Ford Motor Co. v. Department of Treasury*, 323 U.S. 459 (1945) (distinguishing an action for the recovery of money from the state from the imposition of personal liability on defendant officials).

ment. Most takings and procedural due process violations involving a state's unauthorized use of intellectual property would not become actionable until the owner has first sought a state remedy.<sup>407</sup> If substantive due process provides a source of power for the Acts, however, this problem likely vanishes because exhaustion of state remedies generally is not required to establish a substantive due process violation.<sup>408</sup>

Substantive due process "bars certain arbitrary, wrongful government actions 'regardless of the fairness of the procedures used to implement them,'"<sup>409</sup> or, put more famously, against government action that "shocks the conscience."<sup>410</sup> While substantive due process claims for police or prison abuse abound,<sup>411</sup> the Supreme Court has spoken very rarely on the issue of substantive due process claims with respect to property rights.<sup>412</sup> Consequently, the circuits have divided on issues such as whether a loss of property engenders a substantive due process claim at all, and if it can, whether the property must be of a "fundamental" nature.<sup>413</sup>

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407. See *supra* text accompanying notes 214-44, 375.

408. *Zinnermon v. Burch*, 494 U.S. 113, 124 (1990) (quoting *Monroe v. Pape*, 365 U.S. 167, 183 (1961)).

409. *Id.* at 125 (quoting *Daniels v. Williams*, 474 U.S. 327, 331 (1986)).

410. *County of Sacramento v. Lewis*, 118 S. Ct. 1708, 1717 (1998).

411. See, e.g., *id.* at 1720 (holding that unintentional harm caused by police officer's high-speed chase does not shock the conscience); *City of Revere v. Massachusetts Gen. Hosp.*, 463 U.S. 239, 244 (1983) (holding that an injured detainee has substantive due process rights to medical treatment).

412. For a general discussion of substantive due process protection for property rights, see *Krotoszynski*, *supra* note 265.

413. In considering whether substantive due process protection should extend to property interests, many courts have wrestled with the issue of whether *Williamson County* or *Parratt* precludes a substantive due process claim in the property context. See, e.g., *Brown*, *supra* note 289, at 870-78 (discussing two ways in which courts have used substantive due process); *Krotoszynski*, *supra* note 265, at 572-74 (discussing *Armendariz v. Penman*, 75 F.3d 1311 (9th Cir. 1996) (en banc)). Recall that in *Williamson County* the Court held that a takings claim is not ripe until the injured property owner has sought compensation through state channels, see *supra* text accompanying notes 214-44, and that similarly in *Parratt* the Court held that for some deprivations of property, no due process violation occurs until the property owner has sought and been denied an adequate postdeprivation remedy in state court. See *supra* text accompanying note 375. Thus, the concern is that these holdings would be eviscerated if a property owner could bring a substantive due process claim immediately upon injury to her property interest. While at first glance this concern seems valid, it is probably overstated. With respect to takings claims, *Williamson County* would be affected only slightly by a grant of substantive due process protection over property rights. If substantive due process applies only to fundamental property rights, then, as we shall see, its coverage is probably quite narrow, and the great majority of takings claims would be unaffected. Even if it reaches non-fundamental property interests, however, the arbitrary and capricious conduct required to sustain a substantive due process claim usually is lacking where a state has taken property for a public purpose. This latter observation makes the Seventh and Ninth Circuits' conflation of substantive due process and takings claims difficult to understand from a doctrinal standpoint. Moreover, as *Krotoszynski* has argued, this view "fail[s] to appreciate the gravamen of a substantive due process action for the arbitrary deprivation of prop-



During *Lochner*'s brief hegemony, the Supreme Court held in *Truax v. Corrigan*<sup>414</sup> that a state's failure to protect a person's business by refusing to enjoin employees from going on strike constituted a substantive due process violation.<sup>415</sup> In *Truax*, the Arizona legislature had adopted a law restricting the state courts' authority to issue injunctions in labor disputes except in extreme circumstances of potential "irreparable injury to property."<sup>416</sup> When *Truax* was unable to obtain an injunction ordering his employees to cease picketing, which was causing him to lose profits, he filed suit alleging that the state of Arizona failed to protect his property interest in his business.<sup>417</sup> The Court held for *Truax*, characterizing his business as a "fundamental" property right and finding that Arizona's refusal to enjoin striking employees violated *Truax*'s substantive due process rights.<sup>418</sup>

Arguably, given the substantial economic value of intellectual property, it should receive constitutional protection equivalent to that of an individual's business. Moreover, providing substantive due process protection for states' infringement of intellectual property may not be

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erty. It is not the loss of property that justifies the claim, but rather the arbitrary and irrational nature of the government's action." Krotoszynski, *supra* note 265, at 572. Finally, as we addressed under the takings portion of our analysis, a takings claim may not be available to redress injuries to federal intellectual property rights because a state's power of eminent domain does not extend to taking federally-protected property. *See supra* Part II.A. Substantive due process protection for property rights may not limit substantially the *Parratt* holding either. If substantive due process protection covers only fundamental property interests, it would carve only a small set of cases out of *Parratt*'s universe. In addition, if the expansive view of *Zinerman* is correct as we argued in the procedural due process section, *see supra* text accompanying notes 325-28, then *Parratt* already has been limited where deprivations by state officials are predictable.

In any event, a case handed down by the Supreme Court at the conclusion of its most recent term may indicate a greater willingness on the part of the Court to recognize substantive due process protection for property interests in some circumstances. At issue in *Eastern Enterprises v. Apfel*, 118 S. Ct. 2131 (1998), was a federal statute the effect of which was to require the plaintiff to fund benefits for retired miners who had spent much of their careers working for other employers. Four members of the Court found the statute to violate the Takings Clause. *See id.* at 2146-53 (O'Connor, J., plurality opinion). A fifth, Justice Kennedy, concluded that the Takings Clause was not implicated but that the statute violated the plaintiff's right to substantive due process, due to its retroactive effect. *See id.* at 2154-60 (Kennedy, J., concurring in the judgment and dissenting in part). The four dissenting justices agreed with Justice Kennedy that the proper inquiry was whether the law was "fundamentally unfair or unjust," and that if so it "would 'deprive' Eastern of 'property, without due process of law,'" in violation of the Fifth Amendment. *Id.* at 2164 (Breyer, J., dissenting) (quoting U.S. Const. amend. V). The dissent nevertheless concluded that the statute was not fundamentally unfair or unjust. *See id.* at 2164-67. Given the fractured nature of the decision, however, the question of whether it heralds a return to meaningful substantive due process protection for property rights remains to be seen.

414. 257 U.S. 312 (1921).

415. *See id.* at 327-30.

416. *Id.* at 322.

417. *See id.* at 322-23.

418. *See id.* at 329-30.

as offensively *Lochnerian* as the Court's protection of *Truax's* business. *Truax* involved a justifiable policy decision by a state legislature not to enjoin striking workers in labor disputes. By contrast, in the intellectual property context, infringement often occurs at the hands of one or more state actors, and no legislative policy is evident, unless it is the policy that the state does not want to pay for the use of intellectual property like everyone else.

Thus, under *Truax*, a convincing case exists for substantive due process protection of intellectual property rights. As Ronald Krotoszynski observes, however, *Truax* may no longer be good law:

*Truax*—like most of the other decisions of the *Lochner* era—had simply disappeared from the Supreme Court's repertoire by the early 1940s. Unlike some vestiges of the *Lochner* period, however, *Truax* did not reappear in the 1960s. Indeed, over the last seventy-five years, the lower federal courts also have failed to make much use of *Truax*. No lower federal court has ever directly enforced *Truax's* holding that the substantive aspect of the Due Process Clause limits the states' ability to enact legislation that adversely affects "fundamental" property interests.<sup>419</sup>

In one of the few Supreme Court cases on this issue since *Truax*, the Court ruled in *Harrah Independent School District v. Martin*<sup>420</sup> that a school board's refusal to renew a teacher's contract did not rise to the level of a substantive due process violation because the teacher's interest in employment was not similar enough to interests in "basic matters of procreation, marriage, and family life."<sup>421</sup> The Court held that the school board had acted rationally, which was all that was required in the absence of a more significant interest.<sup>422</sup>

In addition to the Supreme Court's approach, the circuit courts of appeals have developed various approaches to the issue of substantive due process protection for property interests. For example, the Second, Third, Sixth, and Eleventh Circuits have held that substantive due process protection exists only for "fundamental" rights.<sup>423</sup> At

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419. Krotoszynski, *supra* note 265, § 2.10, at 566-67 (footnotes omitted); see also Nowak & Rotunda, *supra* note 265, at 40 n.13 (stating that *Truax* is "no longer good law and reflect[s] discarded theories of substantive due process.")

420. 440 U.S. 194 (1979) (per curiam).

421. See *Harrah Indep. School Dist. v. Martin*, 440 U.S. 194, 198 (1979) (quoting *Kelley v. Johnson*, 425 U.S. 238, 244 (1976)).

422. See *id.* at 198-201.

423. See *Local 342, Long Island Pub. Serv. Employees v. Town Bd.*, 31 F.3d 1191, 1196 (2d Cir. 1994) (holding that "simple, state-law contractual rights, without more, are [not] worthy of substantive due process protection" because "[s]ubstantive due process protects only those interests that are 'implicit in the concept of ordered liberty'" (quoting *Palko v. Connecticut*, 302 U.S. 319, 325 (1937), *overruled by Benton v. Maryland*, 395 U.S. 784, 793-95 (1969)); *McKinney v. Pate*, 20 F.3d 1550, 1560 (11th Cir. 1994) (en banc) ("Because employment rights are state-created rights and are not 'fundamental' rights created by the Constitution, they do not enjoy substantive due process protection."); *Charles v. Baesler*, 910 F.2d 1349, 1353 (6th Cir. 1990) ("State-created rights such as [petitioner's] contractual right to promotion do not rise to the

least in the Third and Sixth Circuits, however, the outcomes of some cases indicate that the pronounced rule may not be a strict one and that some protection exists for non-fundamental property interests injured by arbitrary and capricious acts of state officials.<sup>424</sup> The Seventh Circuit, on the other hand, has declined to extend any substantive due process protection to property interests unless the plaintiff also claims a violation of a specific constitutional guarantee, such as a violation of the Takings Clause.<sup>425</sup> Similarly, the Ninth Circuit essentially treats a state's injury to property interests as giving rise to a takings issue, even if the property is not taken for a public purpose.<sup>426</sup>

Even under the most liberal of these standards, there is substantial incongruence in viewing state uses of intellectual property as violations of the substantive due process guarantee. First, it is unlikely that intellectual property is a "fundamental" property interest in modern constitutional parlance. A broad reading of fundamental property rights under substantive due process would render *Seminole Tribe* virtually a dead letter,<sup>427</sup> contrary to the ostensible intent of the current Supreme Court. In addition, as Krotoszynski asserts, *Truax's* broad definition of fundamental property rights "is untenable, for it would prevent legislative bodies from modifying—even at the margins—a raft of statutes that affect completely fungible property interests."<sup>428</sup> Krotoszynski argues that "incommensurability" should serve as the linchpin in the analysis of whether a right is fundamental,<sup>429</sup> giving

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level of 'fundamental' interests protected by substantive due process. Routine state-created contractual rights are not 'deeply rooted in this Nation's history and tradition[.]'" (quoting *Bowers v. Hardwick*, 478 U.S. 186, 191-94 (1986) (quoting *Moore v. City of E. Cleveland*, 431 U.S. 494, 503 (1977), and *Palko v. Connecticut*, 302 U.S. 319, 326 (1937), *overruled by* *Benton v. Maryland*, 395 U.S. 784, 793-95 (1969))); *Reich v. Beharry*, 883 F.2d 239, 243-45 (3d Cir. 1989) (holding that an "interest in avoiding delay in the receipt of payment of a bill for professional services rendered" does not invoke substantive due process protection after discussing a variety of cases suggesting that substantive due process is narrow in scope and encompasses mainly constitutionally-created rights).

424. See Krotoszynski, *supra* note 265, at 577-80 (discussing circuit court cases holding that a substantive due process claim would stand in zoning and land use context).

425. See *Polenz v. Parrott*, 883 F.2d 551, 558 (7th Cir. 1989). Although its view is not completely clear, the Fifth Circuit Court of Appeals also seems to reject substantive due process protection for property rights. Recently, it summarily dismissed a substantive due process claim in a copyright case by stating that "[i]n modern judicial history, substantive due process has had nothing to do with property rights claims, and we are not about to extend this judicially-created doctrine simply to assure private parties of a remedy against unconsenting states in federal court." *Chavez v. Arte Publico Press*, 139 F.3d 504, 511 (5th Cir. 1998).

426. See *Armendariz v. Penman*, 75 F.3d 1311, 1318-26 (9th Cir. 1996) (en banc). Apparently, the Ninth Circuit prefers to indulge the view that the Takings Clause encompasses takings of property for private purposes, despite the clause's unmistakable textual limitation to takings for public purposes, rather than recognize a substantive due process claim for the former. See *id.* at 1324-25.

427. See *supra* note 279 and accompanying text.

428. Krotoszynski, *supra* note 265, at 586.

429. See *id.* at 586-88.

reputation as an example of a would-be fundamental property right.<sup>430</sup> Interestingly, if this approach were accepted, reputation-based intellectual property rights might be protected under a substantive due process theory, whereas the more traditional intellectual property provisions would not be.<sup>431</sup>

Second, even if substantive due process protection reaches both fundamental and non-fundamental property interests, it may be difficult to establish that state officials act arbitrarily and capriciously—or shock the conscience—when they negligently or even recklessly use intellectual property without the owner's consent. Applied to non-fundamental rights, the standard is very deferential to state governments and suggests that substantive due process shields against only egregious state misconduct.<sup>432</sup>

For these reasons, it seems that few instances of state uses of intellectual property would amount to substantive due process violations. Accordingly, to permit Congress to subject states to comprehensive liability for all violations of federal intellectual property law under the substantive due process clause would be to let the tail wag the dog. Thus, as an exercise of congressional power to remedy substantive due process rights, the Remedy Clarification Acts likely would fail to meet *City of Boerne's* requirement that there be congruence between the means and the ends of legislation enacted pursuant to the Fourteenth Amendment.<sup>433</sup>

The aforementioned analytical objections to sustaining the Remedy Clarification Acts under section 5 of the Fourteenth Amendment to enforce procedural or substantive due process guarantees may provide concrete support for the vague dicta in the *Seminole Tribe* decision suggesting that, when the case presents itself, the Court might find that the acts exceed Congress's power. As noted above, Justice Stevens argued in his dissent that the majority's opinion "prevents Congress from providing a federal forum for a broad range of actions

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430. See *id.* at 590-607. Of course, in order to find a property right in reputation, Krotoszynski had to distinguish *Paul*, which, as we saw in the previous section, traditionally has been read for precisely the counter proposition. See *supra* note 289 and accompanying text. Thus, Krotoszynski argues that *Paul*, being a procedural due process case, does not apply to substantive due process cases, and alternatively that the revisionist interpretation of *Paul* is correct. See Krotoszynski, *supra* note 265, at 600-02.

431. See *supra* text accompanying notes 280-94. Moreover, even under a slightly broader conception of fundamental property rights that includes more commensurable property (such as real property), it may be that intellectual property would be deemed insufficiently fundamental, lacking land's place in Anglo-American law.

432. See, e.g., *County of Sacramento v. Lewis*, 118 S. Ct. 1708, 1720 (1998) (holding that only intentional harm caused by a high-speed police chase implicates substantive due process); *Collins v. City of Harker Heights*, 503 U.S. 115, 126-30 (1992) (ruling that the city's failure to provide safety in the workplace and its alleged "deliberate indifference" to employees' safety did not warrant substantive due process protection).

433. See *City of Boerne v. Flores*, 117 S. Ct. 2157, 2164 (1997).

against States, [including] those sounding in copyright and patent law . . .”<sup>434</sup> and that “[a]s federal courts have exclusive jurisdiction over cases arising under these federal laws, the majority’s conclusion that the Eleventh Amendment shields States from being sued under them in federal court suggests that persons harmed by state violations of [these] laws have no remedy.”<sup>435</sup> In a footnote, the majority responded that “Justice Stevens’ statement is misleadingly overbroad,”<sup>436</sup> but the reasons it gave are revealing. First, the Court noted “that several avenues remain open *for ensuring state compliance with federal law*,” and gave injunctive relief under *Ex parte Young* as the primary example.<sup>437</sup> Thus, the Court failed to answer Justice Stevens’s apparent concern regarding the availability of a remedy other than prospective injunctive relief for intellectual property owners. Second, the Court stated that the federal intellectual property laws have not been widely understood to apply to the states,<sup>438</sup> despite the fact that the Remedy Clarification Acts explicating Congress’s intent to hold states liable had been passed a few years before.

Certainly the *Seminole Tribe* majority did not intend for the footnote to address the matter in exhaustive detail. Still, given that the Court had just reaffirmed Congress’s power to abrogate state immunity under the Fourteenth Amendment, the absence of any mention of this power with respect to protecting intellectual property rights is rather conspicuous. Thus, while the dicta in *Seminole Tribe* may not elucidate the Court’s complete view, it presents a first impression, in accord with our findings here, that Congress has not succeeded in making states liable in federal court for violations of federal intellectual property laws.

#### IV. ALTERNATIVES

The foregoing discussion suggests that the Remedy Clarification Acts cannot be sustained by virtue of Congress’s power to enforce the provisions of the Takings or Due Process Clauses and thus, under *Seminole Tribe*, are unconstitutional. Rather than simply strike them down, a court may consider severing the constitutionally offensive provisions. The general rule is that a court may sever an unconstitutional provision from other portions of a federal statute, if it concludes that Congress would have preferred for these other portions to remain in force rather than have the entire statute invalidated.<sup>439</sup> Thus, if the only obstacle to upholding the acts is the problem of enhanced damages and injunctive relief, then arguably the court could sever certain

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434. *Seminole Tribe v. Florida*, 517 U.S. 44, 77 (1996) (Stevens, J., dissenting).

435. *Id.* at 77 n.1 (Stevens, J., dissenting).

436. *Id.* at 72 n.16.

437. *Id.* at 72 n.16 (emphasis added).

438. *See id.* at 72 n.16.

439. *See Brockett v. Spokane Arcades, Inc.*, 472 U.S. 491, 506 n.15 (1985).

provisions of the Patent and Copyright Remedy Clarification Acts—specifically, portions of 35 U.S.C. §§ 271(h) and 296(b); 17 U.S.C. §§ 501(a), 511(b), 910(a), and 911(g)(2); and 7 U.S.C. §§ 2541(b) and 2570(b)—that purport to render the states susceptible to remedies other than compensatory damages. Likewise, if the acts exceed Congress's power because the rights protected under the acts are broader in scope than the property interests protected by procedural or substantive due process, a court could sever the provisions purporting to prohibit the states from using property not covered by either of these constitutional guarantees.

Conforming the acts to the other limits or requirements of the Takings Clause or Due Process Clause cannot be achieved simply by deleting additional provisions, and the only way to salvage them would be to construe them as applying only in instances in which the state has effected a taking for public use or a violation of due process that is actionable in federal court. For example, one would have to read § 511(a) of the Copyright Act, which provides that “[a]ny state . . . shall not be immune . . . from suit in Federal court . . . for a violation of any of the exclusive rights of a copyright owner provided by sections 106 to 119”<sup>440</sup> as meaning, in effect, that a state shall not be immune from suit for an act that can be characterized as a taking for public use or as a violation of due process.

Although the Supreme Court has cautioned against “rewrit[ing] a . . . law to conform it to constitutional requirements,”<sup>441</sup> it also has stated that “a federal court should not extend its invalidation of a statute further than necessary to dispose of the case before it.”<sup>442</sup> Thus, even when a statute is challenged on First Amendment grounds (thus raising the possibility of invalidation on the grounds of overbreadth), the Court will “impose a limiting construction,” so as to render the statute constitutional, “if it is ‘readily susceptible’ to such a construction”<sup>443</sup>—that is, when “the text or other source of congressional intent identifie[s] a clear line that” the Court may draw.<sup>444</sup> The legislative history of the Remedy Clarification Acts suggests that Congress would have preferred subjecting the states to liability to the extent permissible under the Constitution, over permitting them to continue avoiding liability altogether.<sup>445</sup> Moreover, the construction necessary to achieve this result—limiting the applicability of the acts to those cases in which a taking or due process violation has occurred,

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440. 17 U.S.C. § 511(a) (1994).

441. *Reno v. ACLU*, 117 S. Ct. 2329, 2351 (1997) (quoting *Virginia v. American Booksellers Ass’n*, 484 U.S. 383, 397 (1988)).

442. *Brockett*, 472 U.S. at 502.

443. *Reno*, 117 S. Ct. at 2350 (quoting *Virginia v. American Booksellers Ass’n*, 484 U.S. 383, 397 (1988)).

444. *Id.* at 2351.

445. See S. Rep. No. 102-280, at 8-9 (1992), *reprinted in* 1992 U.S.C.C.A.N. 3087, 3094-95.

or in which the state has engaged in a non-core governmental function (assuming that *Parden* still retains any vitality)<sup>446</sup>—would not involve a court in the extensive redrafting of the type the Supreme Court has condemned.<sup>447</sup>

If a court were to decide that the acts are not severable, Congress still could attempt to enforce some intellectual property rights against the states in two ways. First, Congress could confer upon the state courts concurrent subject matter jurisdiction over patent and copyright claims. If the forum-allocation theory is correct, the Supreme Court then could exercise appellate review of the resulting state-court judgments.<sup>448</sup> Second, rather than rewrite the intellectual property laws to apply to the states to the extent permissible under the Constitution, it appears that Congress could enforce some intellectual property rights by abrogating sovereign immunity from § 1983 claims and allowing intellectual property rights to be protected under § 1983 like other federal rights.<sup>449</sup> Section 1983 establishes a cause of action against any person who, acting under color of state law, violates any right under the federal Constitution or federal law.<sup>450</sup> Although § 1983, like the Remedy Clarification Acts, probably would be constitutionally defective as an attempt to subject states to suit for all violations of the federal intellectual property laws under the Fourteenth Amendment, Congress almost certainly would have the power to abrogate sovereign immunity under § 1983 to redress at least those unauthorized uses of intellectual property that violate the Constitution.<sup>451</sup>

Finally, if Congress fails to subject the states to suit in federal court under any legislation, intellectual property owners aggrieved by state

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446. See *supra* notes 120-28 and accompanying text (discussing *Parden*).

447. See *Reno*, 117 S. Ct. at 2350-51 (declining to impose limiting construction upon provisions of Communications Decency Act penalizing “indecent” and “patently offensive” speech, where doing so would involve gross speculation as to the form the statutory language would have taken had Congress been more sensitive to First Amendment issues); *United States v. National Treasury Employees Union*, 513 U.S. 454, 479 (1995) (declining to impose limiting construction upon statute imposing honoraria ban upon certain government employees, where doing so would require the Court to “correctly identify” the “nexus between the speaker’s official duties and either the subject matter of the speaker’s expression or the identity of the payor” that “Congress would have adopted in a more limited . . . ban”). But see *Trade-Mark Cases*, 100 U.S. 82, 98-99 (1879) (invalidating in its entirety earlier federal trademark legislation, on ground that act purported to regulate trademarks used in both intra-state and in interstate commerce).

448. See *supra* notes 102-03, 106 and accompanying text.

449. In *Quern v. Jordan*, 440 U.S. 332, 345 (1979), the Court held that Congress did not sufficiently indicate an intent to subject states to liability under 42 U.S.C. § 1983.

450. See 42 U.S.C. § 1983 (1994 & Supp. II 1996).

451. See generally *Hutto v. Finney*, 437 U.S. 678, 700 (1978) (allowing plaintiffs who have prevailed in civil rights cases to recover attorneys’ fees against states in federal court under 42 U.S.C. § 1988); *Fitzpatrick v. Bitzer*, 427 U.S. 445, 456 (1976) (holding that Congress can subject states to suit in federal court for claims arising under Title VII of the Civil Rights Act of 1964).

action still may have a few options. First, where the state's unauthorized use of the property effects a taking<sup>452</sup> or triggers due process, they may be able to pursue an action in state court for compensation.<sup>453</sup> The state court judgment would be subject to the appellate review of the United States Supreme Court to determine whether the judgment comports with the requirements of the Takings Clause or the Due Process Clause.<sup>454</sup> Second, if the state's unauthorized use of the intellectual property is ongoing, an intellectual property owner probably can bring an action in federal court against the state actor for injunctive relief under *Ex parte Young*<sup>455</sup> or for prospective mone-

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452. If our preemption analysis is wrong, *see supra* notes 168-213 and accompanying text, but our ripeness or authorization analysis is correct, *see supra* notes 214-44, 245-62 and accompanying text, then it is possible for the Remedy Clarification Acts to be unconstitutional but for some state uses of intellectual property to qualify as takings for which just compensation is due under the Fifth Amendment.

453. *See supra* Parts II-III. In theory, it may be possible for an aggrieved intellectual property owner to file an infringement action against the state in state court, even when the state's use does not rise to the level of a taking or a violation of the Due Process Clause. As noted above, some Eleventh Amendment theorists argue that the Amendment expresses a principle of forum allocation rather than absolute immunity; according to this theory, a state may choose not to litigate in federal court but cannot opt out of a state forum. *See supra* notes 102-03 and 106. As Vázquez notes, however, this theory is difficult to square with some of the language found in *Seminole Tribe* and other recent Supreme Court case law. *See Vázquez, supra* note 101, at 1702-03. Moreover, even if the theory is correct, it provides no relief with regard to patent and copyright actions—both of which Congress has expressly chosen to allocate to the exclusive jurisdiction of the federal courts, *see* 28 U.S.C. § 1338(a) (1994)—absent an amendment to this jurisdictional statute. At most, a forum allocation theorist might argue that the states lack immunity from actions arising under the Lanham Act, over which the states have concurrent jurisdiction, when those actions are filed in state court. To our knowledge, no litigation has yet tested this theory.

454. *See supra* notes 102-03, 106 and accompanying text.

455. *See Ex parte Young*, 209 U.S. 123, 136-37 (1908). Injunctive relief under *Ex parte Young* is probably available to enjoin ongoing, unauthorized uses of intellectual property by state actors—unless those uses amount to takings for a public purpose, *see supra* notes 208-13 and accompanying text—despite two recent cases limiting the scope of the *Ex parte Young* doctrine. First, in *Seminole Tribe* the Court ruled that a party may not invoke the *Ex parte Young* doctrine where Congress has a “detailed remedial scheme” in place because doing so would defeat Congress’s intent by exposing the state official to all potential injunctive remedies rather than only those provided in the statute. *Seminole Tribe v. Florida*, 517 U.S. 44, 74 (1996). In *Idaho v. Coeur d’Alene Tribe*, the Tribe claimed ownership of the “submerged lands and bed of Lake Coeur d’Alene and of the various navigable rivers and streams that form part of its water system.” 117 S. Ct. 2028, 2032 (1997). The Tribe alleged that these lands were located within the boundaries of the Coeur d’Alene Reservation as established by an Executive Order of November 8, 1873. *See id.* The Court’s opinion was splintered, but a majority found that the *Ex parte Young* doctrine did not apply. *See id.* at 2043. The majority first explained that

[t]o interpret *Young* to permit a federal court-action to proceed in every case where prospective declaratory and injunctive relief is sought against an officer, named in his individual capacity, would be to adhere to an empty formalism and to undermine the principle, reaffirmed just last Term in *Seminole Tribe*, that Eleventh Amendment immunity represents a real limitation on a federal court’s federal-question jurisdiction.

*Id.* at 2034.



tary relief under *Edelman v. Jordan*.<sup>456</sup> Finally, a federal infringement

Then, despite the federal issue of interpreting the Executive Order that established the Reservation's boundaries, the Court went on to characterize the Tribe's claim as "the functional equivalent of a quiet title action which implicates special sovereignty interests." *Id.* at 2040. Thus, the Court concluded that the relief requested was more like "the type of relief barred by the Eleventh Amendment [than] that permitted under *Ex parte Young*. . . ." *Id.* (quoting *Edelman v. Jordan*, 415 U.S. 651, 667 (1974)). Read narrowly on its facts, *Coeur d'Alene* could be interpreted as establishing a limitation on the *Ex parte Young* doctrine similar to the *Thibodaux* abstention doctrine, under which federal courts usually abstain in diversity cases involving a significant state interest that is "intimately involved" with the "sovereign prerogative" of the state government, such as eminent domain. See *Louisiana Power & Light Co. v. City of Thibodaux*, 360 U.S. 25, 28 (1959). Under this view, *Coeur d'Alene* probably does not present a substantial obstacle to obtaining *Ex parte Young* relief in most cases, including intellectual property infringement actions. Indeed, this is probably the correct view, given that in the term before *Coeur d'Alene* was decided the same Court indicated in *Seminole Tribe* that *Ex parte Young* relief would be available to remedy state violations of federal statutes such as the Copyright Act. See *Seminole Tribe*, 517 U.S. at 72 n.16. A broader view of *Coeur d'Alene* might be read in conjunction with *Seminole Tribe*'s limitation on the *Ex parte Young* doctrine. This reading can be seen as the beginning of a trend of chipping away at the presumed availability of *Ex parte Young* injunctive relief against state officers. If the latter view is correct, the availability of *Ex parte Young* relief in the intellectual property and other contexts could be affected.

456. See *Edelman v. Jordan*, 415 U.S. 651 (1974). If a federal action against a state actor for injunctive or prospective monetary relief for the ongoing, unauthorized use of intellectual property proceeds to judgment before a state-court action for retrospective compensation and is successful, the judgment may have collateral estoppel effect against the state in the state-court action in limited circumstances, thus effectively conferring whatever real or perceived benefit a federal forum provides with respect to the retrospective, as well as the prospective, relief. If the state's use of intellectual property is characterized as a taking, then the property owner has no right to enjoin the state official from effecting the taking under the Takings Clause. See *supra* notes 208-13 and accompanying text. Otherwise, a plaintiff requesting retrospective relief in state court may have a good-faith basis for asserting offensive mutual collateral estoppel on the basis of the prior *Ex parte Young* or *Edelman* judgment as to the issue of whether the state actor violated the Constitution. "Federal law, not state law, determines the preclusive effect of a prior federal judgment." 10 Christopher J. Miller, *Cyclopedia of Federal Procedure* 361 (3d ed. 1991) (citing *Shoup v. Bell & Howell*, 872 F.2d 1178, 1179 (4th Cir. 1989)). In *United States v. Mendoza*, 464 U.S. 154, 161 (1984), the Supreme Court cited several reasons why nonmutual collateral estoppel should not apply against the federal government, including that the government is often involved in issues of great public importance and that the government considers factors such as limited government resources and overloaded court dockets in deciding whether to appeal an adverse judgment. Similarly, in *Hercules Carriers, Inc. v. Florida Department of Transportation*, the Eleventh Circuit refused to apply collateral estoppel against a state agency, concluding that "the rationale outlined by the Supreme Court in *Mendoza* for not applying nonmutual collateral estoppel against the government is equally applicable to state governments." 768 F.2d 1558, 1579 (11th Cir. 1985). An important factor in *Hercules Carriers* was that different state agencies were involved in the two actions. Thus, the court found "that the [ ] two agencies had different functions and interests and should not be considered privies to one another for purposes of collateral estoppel." *Id.* at 1580. Collateral estoppel was applied, however, against a state agency in federal court on the basis of a state court judgment in *Benjamin v. Coughlin*, 708 F. Supp. 570 (S.D.N.Y. 1989), *aff'd*, 905 F.2d 571 (2d Cir. 1990), in which the court distinguished *Hercules Carriers* on the ground that "the same state agency . . . litigated and lost the

action may be available against the state actor in his individual capacity.<sup>457</sup> Even if qualified immunity applies in the suit against the individual, it would not bar a claim involving a violation of clearly established law.<sup>458</sup> None of these options will be of much use, however, where the actor's use of the intellectual property does not violate the Constitution, has occurred in the past instead of being ongoing, and the state actor is judgment-proof and not covered by state indemnification.

### CONCLUSION

While modern states for the most part no longer subject artists and inventors to the types of penalties described in opening paragraph of this Article, the preceding analysis demonstrates that, as we approach the close of the twentieth century, the individual states within the United States often can subject them to the milder but nonetheless vexatious practice of refusing to pay them for the use of their creative works. Because many uses of intellectual property on the part of state actors do not constitute violations of the Takings or Due Process Clauses, and because the remedies required by these Clauses are fairly modest in comparison with those afforded by the federal intellectual property laws, any attempt by Congress to hold the states accountable in federal court to the same extent as private infringers probably exceeds its power under section 5 of the Fourteenth Amendment. And although some avenues for relief against state infringements still remain possible after *Seminole Tribe*—including the abrogation of sovereign immunity from § 1983 claims, the availability of prospective injunctive relief under *Ex parte Young*, and suits against state actors in

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issue in the state courts[,] [t]he agency had a full and fair opportunity to litigate, and the identical issue was actually litigated and actually decided." *Benjamin*, 708 F. Supp. at 573. The court also noted that "[t]he agency was aware that this action was pending at the time the state actions were decided, and so had a strong incentive to appeal the adverse decisions." *Id.* On this reasoning, a state-court plaintiff suing for compensation for the state's use of her intellectual property may be able to argue for the application of collateral estoppel against the state on the basis of a federal judgment, if the state was the real party in interest in the federal action against the state officer, especially where the state-court action had been filed prior to the federal action to give the state incentive to litigate the federal action fully and to appeal the adverse judgment.

457. See *Farid v. Smith*, 850 F.2d 917, 921 (2d Cir. 1988) (holding that the Eleventh Amendment does not bar suits against officers in their individual capacities); see also *Chemerinsky*, *supra* note 97, at 400 (stating that "if the suit is against an officer for money damages where the relief would come from the officer's own pocket, there is no Eleventh Amendment bar even though the conduct was part of the officer's official duties" and that "[t]he state's choice to indemnify the officer [sic] would not convert the suit from individual to official capacity." (footnote omitted)).

458. See *Harlow v. Fitzgerald*, 457 U.S. 800, 818 (1982) (articulating the immunity rule that "government officials performing discretionary functions generally are shielded from liability for civil damages insofar as their conduct does not violate clearly established statutory or constitutional rights of which a reasonable person would have known").

their individual capacities—these measures may be insufficient to remedy or deter many unauthorized uses of intellectual property on the part of the states. With the apparent blessing of the modern-day Supreme Court, modern states arguably remain largely free to follow the practice—not altogether foreign to their more autocratic forebears—of imposing upon the creators of intellectual works in a manner that, if engaged in by the rest of us, would subject us to liability.

