

# INTELLECTUAL PROPERTY PROTECTION RESTORATION ACT

## SECTION-BY-SECTION SUMMARY

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### OVERVIEW

The purpose of the Intellectual Property Protection Restoration Act of 1999 (“IPPR”) is to restore protection for owners of federal intellectual property rights against infringement by States. Recent Supreme Court decisions invalidated prior efforts by Congress to abrogate State sovereign immunity in actions arising under the federal intellectual property laws. The IPPRA encourages States to participate in the federal intellectual property system on equal terms with private entities, by conditioning a State’s receipt of future benefits under the federal intellectual property laws on an unambiguous waiver of sovereign immunity. As against States that choose not to participate, the bill also provides new remedies for federal intellectual property rights, to the maximum extent permitted by the Constitution.

### DETAILED SUMMARY

#### TITLE I—STATE PARTICIPATION IN THE FEDERAL INTELLECTUAL PROPERTY SYSTEM

##### Subtitle A—Definitions

###### Sec. 101. Definitions.

Section 101 defines terms used in this title.

##### Subtitle B—Procedures for State Participation in the Federal Intellectual Property System

###### Sec. 111. Opt-in procedure.

Section 111 provides that no State or State instrumentality may acquire a federal intellectual property right unless the State opts in to the federal intellectual property system by agreeing to waive sovereign immunity in any subsequent action that either arises under a federal intellectual property law or seeks a declaration with respect to a federal intellectual property right. Thus, if a State elects to receive the benefits of a nationally recognized right governed by uniform federal laws, then it must accept the obligation to defend any suits arising under those laws in the federal courts.

An assurance provided under section 111 is binding on the State and fully enforceable. “A State may effectuate a waiver of its constitutional immunity . . . in the context of a particular federal program,” so long as the State’s intention to waive its immunity is

unequivocal. *Atascadero State Hosp. v. Scanlon*, 473 U.S. 234, 238 n.1 & 241 (1985). See also *Litman v. George Mason Univ.*, 186 F.3d 544 (4<sup>th</sup> Cir. 1999) (holding that a State's acceptance of federal education funding resulted in a binding waiver of immunity in a subsequent action against a State university under Title IX); *Innes v. Kansas State Univ.*, 184 F.3d 1275 (10<sup>th</sup> Cir. 1999) (holding that a State university's agreement to participate in a federal loan program acted as a binding waiver of immunity).

**Sec. 112. Breach of assurance by a State.**

Section 112 establishes procedures for determining whether a State that has opted in to the federal intellectual property system is in breach of its agreement to waive sovereign immunity.

**Sec. 113. Consequences of breach of assurance by a State.**

Section 113 sets forth three consequences of a breach of an agreement to waive sovereign immunity.

First, under subsection (a), any pending applications by or on behalf of the State for federal intellectual property rights shall be regarded as abandoned and shall not be subject to revival thereafter.

Second, under subsection (b), no damages or other monetary relief shall be awarded in any action to enforce a federal intellectual property right that is or has been owned by or on behalf of the State during the preceding five years.

Third, under subsection (c), the State is barred from acquiring any new rights under the federal intellectual property laws for a period of one year. If, however, the State opts back in to the system after a year has passed, by providing a new assurance that it will henceforth waive its sovereign immunity in federal intellectual property litigation, it can then acquire new rights that will be enforceable by the full panoply of federal intellectual property remedies.

**Subtitle C—Administration of Procedures for State Participation in the Federal Intellectual Property System**

**Sec. 121. Notification by court of State assertion of sovereign immunity.**

Section 121 directs federal courts to notify the Commissioner of Patents and Trademarks within 20 days of finding that a State has asserted sovereign immunity in any action to enforce or challenge a federal intellectual property right.

**Sec. 122. Confirmation by Commissioner of Patents and Trademarks of State assertion of sovereign immunity.**

Section 122 directs the Commissioner of Patents and Trademarks, within 20 days of receiving a notification under section 121, to forward such notification to the Attorney General of the State, together with a copy of title I of the IPPRA, and inquire whether the State intends to withdraw its assertion of immunity and consent to the continuation or refiling of the action in which it was made within the 60-day grace period provided in section 112(b)(2).

**Sec. 123. Publication by Commissioner of Patents and Trademarks of State assertion of sovereign immunity.**

Section 123 directs the Commissioner of Patents and Trademarks, in consultation with the Secretary of Agriculture and the Register of Copyrights, to publish in the Federal Register and maintain on the Internet information concerning the participation of each State in the federal intellectual property system. The information must include, for each State, whether the State's sovereign immunity has been asserted, and the name of the case and court in which any such assertion of immunity was made.

**Sec. 124. Rulemaking authority.**

Section 124 authorizes the Commissioner of Patents and Trademarks to promulgate such rules as necessary to implement the provisions of this subtitle.

**Subtitle D—Amendments to the Federal Intellectual Property Laws**

**Sec. 131. Conditions for State participation in the federal patent system.**

Section 131 amends the federal patent statute to require any State that seeks to register for patent protection to provide an unequivocal assurance of the State's intention to waive sovereign immunity in any action to enforce or challenge a federal intellectual property right. A State must also certify that the State's sovereign immunity has not been asserted in any such action during the past year.

**Sec. 132. Conditions for State participation in the federal plant variety protection system.**

Section 132 amends the federal plant variety statute to require any State that seeks to register for plant variety protection to provide an unequivocal assurance of the State's intention to waive sovereign immunity in any action to enforce or challenge a federal intellectual property right. A State must also certify that the State's sovereign immunity has not been asserted in any such action during the past year.

**Sec. 133. Conditions for State participation in the federal copyright system.**

Section 133 amends the federal copyright statute to require any State that seeks to register for copyright protection to provide an unequivocal assurance of the State's intention to waive sovereign immunity in any action to enforce or challenge a federal intellectual property right. A State must also certify that the State's sovereign immunity has not been asserted in any such action during the past year.

**Sec. 134. Conditions for State participation in the federal mask work system.**

Section 134 amends the federal mask work statute to require any State that seeks to register for mask work protection to provide an unequivocal assurance of the State's intention to waive sovereign immunity in any action to enforce or challenge a federal intellectual property right. A State must also certify that the State's sovereign immunity has not been asserted in any such action during the past year.

**Sec. 135. Conditions for State participation in the federal original design system.**

Section 135 amends the federal original design statute to require any State that seeks to register for design protection to provide an unequivocal assurance of the State's intention to waive sovereign immunity in any action to enforce or challenge a federal intellectual property right. A State must also certify that the State's sovereign immunity has not been asserted in any such action during the past year.

**Sec. 136. Conditions for State participation in the federal trademark system.**

Section 136 amends the federal trademark statute to require any State that seeks to register for trademark protection to provide an unequivocal assurance of the State's intention to waive sovereign immunity in any action to enforce or challenge a federal intellectual property right. A State must also certify that the State's sovereign immunity has not been asserted in any such action during the past year.

**Sec. 137. No retroactive effect.**

Section 137 ensures that the amendments made by this subtitle are not given retroactive effect. Specifically, the amendments do not apply to any application by a State that was pending before the effective date of this subtitle, or to any assertion of sovereign immunity by a State made before the enactment of the IPPRA.

## **TITLE II—RESTORATION OF PROTECTION FOR FEDERAL INTELLECTUAL PROPERTY RIGHTS**

**Sec. 201. Liability of States for patent violations.**

Section 201 replaces section 296 of title 35, which was enacted pursuant to the Patent and Plant Variety Remedy Clarification Act of 1992 and invalidated by the Supreme Court in *Florida Prepaid Postsecondary Educ. Expense Bd. v. College Savings Bank*, 119 S. Ct. 2199 (1999).

Subsection (a) ensures the full availability of prospective relief to prevent State officials from violating the federal patent laws, and to allow challenges to assertions by State officials of rights secured under such laws, on the same terms and in the same manner as if such State officials were private individuals. Such relief is authorized under the doctrine of *Ex parte Young*, 209 U.S. 123 (1908), which held that an individual may sue a State official in an official capacity for prospective relief requiring the State official to cease violating federal law, even if the State itself is immune from suit under the Eleventh Amendment.

Subsection (b) provides a cause of action against States, State instrumentalities, and

State officials acting in an official capacity for (1) taking a patent right in violation of the Fifth Amendment or (2) depriving a person of a patent right without due process of law in violation of the Fourteenth Amendment. Damages are fixed at “reasonable and entire compensation,” which is the measure of damages available against the United States for infringement of a patent (see 28 U.S.C. 1498); treble damages are not available under this subsection. Injunctive relief is available to prevent or deter constitutional violations.

The remedy provided under subsection (b) is not available against States that have waived their sovereign immunity from suit in federal court, nor is it available against State officials in their individual capacity, who do not partake of the State’s sovereign immunity.

Such States and State officials remain subject to the remedies provided by other provisions of the federal patent laws, to the same extent as such remedies are available in an action against any private entity or individual. Thus, for example, a State official sued in an individual capacity may not assert any defense or claim of absolute or qualified immunity that would not be available to a private individual under similar circumstances.

Subsection (b) abrogates State sovereign immunity to the maximum extent permitted by the Constitution, pursuant to Congress’s powers under the Fifth and Fourteenth Amendments and any other applicable provisions.

A claim under subsection (b) for taking a patent right is ripe at the time of the taking.

In *Hawaii Housing Authority v. Midkiff*, 467 U.S. 229 (1984), the Supreme Court held that the Public Use Clause of the Fifth Amendment, made applicable to the States through the Fourteenth Amendment, prohibits a State from taking private property for a non-public use, even with just compensation. The Court further stated that “[t]he ‘public use’ requirement is ... coterminous with the scope of a sovereign’s police powers.” 467 U.S. at 240. Because States making unauthorized uses of federal intellectual property rights are acting outside the scope of their sovereign powers, a State’s infringement of a patent, even if compensated, is an unconstitutional taking of property for a non-public use; accordingly, the patent holder need not seek a remedy in State proceedings before filing a claim under subsection (b) in federal court.

Subsection (b)(4) addresses the burden of proof when a claimant produces prima facie evidence to support a claim under this subsection. Under subsection (b)(4), the burden of proof is on the State, except as to any elements of the claim that would have to be proved if the action were brought under another provision of this title. As to such elements, the burden of proof is unaffected. Thus, for example, if the adequacy of any State remedies became an issue, the State would bear the burden of proof thereon.

Subsection (c) clarifies that the federal patent laws and treaties supersede and preempt any power of a State to acquire or otherwise affect patent rights through the exercise of eminent domain.

## **Sec. 202. Liability of States for violation of plant variety protection.**

Section 202 establishes the same sorts of remedies for violations of protected plant varieties as section 201 establishes with respect to patents.

## **Sec. 203. Liability of States for copyright violations.**

Section 203 establishes the same sorts of remedies for violations of copyrights as section 201 establishes with respect to patents.

**Sec. 204. Liability of States for mask work violations.**

Section 204 establishes the same sorts of remedies for violations of federally-protected rights in mask works as section 201 establishes with respect to patents.

**Sec. 205. Liability of States for original design violations.**

Section 205 establishes the same sorts of remedies for violations of federally-protected rights in original designs as section 201 establishes with respect to patents.

**Sec. 206. Liability of States for trademark violations.**

Section 206 establishes the same sorts of remedies for violations of federally-registered trademarks and service marks as section 201 establishes with respect to patents.

**Sec. 207. Rules of construction.**

Subsection (a) makes clear that the district courts shall have original jurisdiction under 28 U.S.C. §1338 of any action arising under this title. It follows that, pursuant to 28 U.S.C. §1295, the United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction of any appeal from a final decision of a district court in an action arising under this title relating to patents, plant variety protection, and exclusive rights in designs under chapter 13 of title 17.

Subsection (b) provides that this title shall be construed in favor of a broad protection of intellectual property rights, to the maximum extent permitted by its terms and the Constitution.

## **TITLE III—EFFECTIVE DATES**

**Sec. 301. Effective dates.**

Subsection (a) provides that the opt-in procedures established by title I of the IPPRA shall take effect 90 days after the date of enactment of the IPPRA.

Subsection (b) provides that the remedial provisions established by title II of the IPPRA shall take effect with respect to violations by States that occur on or after the date of enactment of the IPPRA.

**Sec. 302. Severability.**

Section 302 contains a strong severability clause. If any provision of the IPPRA or of any amendment made by the IPPRA, or any application of such provision to any person or circumstance, is held to be unconstitutional, the remainder of the IPPRA, the amendments made by the IPPRA, and the application of the provision to any other person or circumstance shall not be affected.