Florida Prepaid v. College Savings Bank and College Savings Bank v. Florida Prepaid

In 1988 Marion Chew attempted to sue the State of California for infringing her patented method of testing automobile emissions.\(^1\) The district court dismissed Chew’s suit at the threshold, holding that the Eleventh Amendment barred it from hearing a patent infringement action against a state.\(^2\) On appeal, the Federal Circuit held that the Patent Act did not abrogate the states’ Eleventh Amendment immunity because it did not contain a clear statement of Congress’ intention to abrogate\(^3\) as required by the Supreme Court’s holding in *Atascadero State Hospital v. Scanlon*.\(^4\) In response to *Chew*, Congress passed a series of acts clarifying its intention to abrogate state sovereign immunity from suits involving intellectual property rights.\(^5\)

Following passage of the Remedy Acts, lower courts split over the validity of Congress’ attempts to abrogate state sovereign immunity.\(^6\) In *Florida Prepaid v. College Savings Bank*\(^7\) and *College Savings Bank v. Florida Prepaid*,\(^8\) the Supreme Court confronts the Patent and Trademark Remedy Acts head-on, and holds them unconstitutional attempts to abrogate state sovereign immunity.

In many respects the two opinions flow naturally from *Seminole Tribe*,\(^9\) which held that Congress may not abrogate state sovereign immunity when legislating pursuant to its Article I commerce clause powers.\(^10\) The logic of *Seminole Tribe* applies to all Congress’ Article I

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1. *See* Chew v. California,
2. *See id.*
5. Patent Remedy Act, Trademark Clarification Remedy Act, Copyright Remedy Act
10. *See id.* at 72.
powers,\textsuperscript{11} including those of the intellectual property clause. In reality, however, \textit{Florida Prepaid} and \textit{College Savings Bank} find the Court once again wielding its Eleventh Amendment jurisprudence in the service of state’s rights by constricting Congressional flexibility in an area previously thought to be the exclusive domain of federal law.

To reach its holdings the Court must overrule the constructive waiver doctrine of \textit{Parden v. Terminal Railway}, \textsuperscript{12} and narrowly restrict Congress’ ability to legislate under § 5 of the Fourteenth Amendment. In so doing the Court weakens the rights of intellectual property holders and the integrity of the federal intellectual property system in general, and ignores the functional reality of state involvement in the intellectual property system

. (or… and hampers the ability of Congress to use the Fourteenth Amendment to prevent state deprivation of property without due process of law…). (As you can see, I’m playing with my thesis a bit…the stuff in parentheses might be left in or taken out…I’m not sure)

I. BACKGROUND

The Court's decisions in Florida Prepaid and College Savings Bank hinge on Congress' ability to render Florida amenable to suit for violations of the Lantham Act and the Patent Act. Unless Congress validly abrogates state sovereign immunity, the Eleventh Amendment bars the Federal Courts from hearing these suits against the State of Florida. Thus, the cases turn on whether the Patent and Trademark Remedy Acts validly abrogate Florida's Eleventh Amendment immunity from suit in Federal Court.

\textsuperscript{11} See \textit{id.} at 73.
\textsuperscript{12} 377 U.S. 184 (1964).
The Eleventh Amendment\textsuperscript{13} repudiated the Supreme Court’s decision in \textit{Chisholm v. Georgia},\textsuperscript{14} which held that a South Carolina citizen could sue Georgia in federal court to collect a debt.\textsuperscript{15} The Court’s decision created a “shock of surprise throughout the country” that led to the Amendment’s proposal at the next congressional session.\textsuperscript{16} The Eleventh Amendment “reflects ‘the fundamental principle of sovereign immunity [that] limits the grant of judicial authority in Art. III …’”\textsuperscript{17} The Amendment limits federal courts’ subject matter jurisdiction by denying jurisdiction over suits by a citizen against a state.

Although the plain text of the amendment appears to reach only suits brought against a state by a non-citizen, judicial interpretation has extended its jurisdictional bar much further.\textsuperscript{18} \textit{Hans v. Louisiana}\textsuperscript{19} involved a suit by Hans, a Louisiana resident, to collect on bonds issued by the defunct Reconstruction-era Louisiana government.\textsuperscript{20} Hans pressed his breach of contract suit under the Contract Clause,\textsuperscript{21} and the State claimed sovereign immunity under the Eleventh Amendment as a defense.\textsuperscript{22} The Court declared that previous decisions had established that the Eleventh Amendment’s immunity extended to suits brought under the Court’s federal question jurisdiction.\textsuperscript{23} Considering Hans’ claim that the Amendment did not bar his suit because he was

\textsuperscript{13}US CONST. amend. XI. The Amendment provides that “[t]he Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State.”

\textsuperscript{14}2 U.S. 419 (1793).

\textsuperscript{15}See id; see also, College Savings Bank v. Florida Prepaid Postsecondary Educ. Expense Board, 199 S. Ct. 2219, 2222-23 (1999).

\textsuperscript{16}Hans v. Louisiana, 134 U.S. 1, 11 (1890).


\textsuperscript{18}See id.

\textsuperscript{19}See id. at 2-3.

\textsuperscript{20}US CONST, Art I, §10.

\textsuperscript{21}See Hans, 134 U.S. at 3.

\textsuperscript{22}See id. at 10. In fact, the cases cited by the Court did not clearly establish the Amendment’s applicability to federal question cases. See Daniel J. Meltzer, \textit{The Seminole Decision and State Sovereign Immunity}, 1996 SUP. CT. REV. 1, 8-9 (1996). Numerous commentators have rejected an interpretation of the Amendment that limits the federal courts’ federal question jurisdiction. See id. at 10-11. Adherents of the diversity theory, for example, argue
a citizen of Louisiana, the Court found that it would be “startling and unexpected” if the Amendment allowed states to be sued in federal courts by their own citizens, while it barred similar suits by non-residents. The Court endorsed a broad view of state’s sovereign immunity, holding that the constitution did not authorize suits against unconsenting states.

Despite the Eleventh Amendment’s broad grant of sovereign immunity, federal courts may still hear federal question cases against unconsenting states if Congress validly abrogated sovereign immunity to suit under the federal statute giving rise to the plaintiff’s action. To abrogate sovereign immunity, Congress must unequivocally state its intent to abrogate, and it must act pursuant to a valid exercise of power. Federal courts may also hear cases against states if the states waive their sovereign immunity expressly or by their conduct in litigation.

II. Gaining Jurisdiction through Abrogation of State Sovereign Immunity.

Though Congress need not explicitly mention the Eleventh Amendment when stating its intent to abrogate, it must make “its intention unmistakably clear in the language of the statute.” The Court requires such a statement because abrogation works a fundamental disruption of the balance of power between states and the federal government, and such a disruption should not be undertaken unless Congress specifically decides it is necessary to its

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24 See Hans, 134 U.S. at 10-11.
25 See id., at 15-16 (Finding that “[t]he truth is that the cognizance of suits and actions unknown to the law, and forbidden by the law, was not contemplated by the constitution when establishing the judicial power of the United States” and that “[t]he suability of a state, without its consent, was a thing unknown to the law.”).
26 See Fitzpatrick v. Bitzer, 427 U.S. 445, 456 (1976) (holding that Congress may abrogate state sovereign immunity when legislating pursuant to §5 of the Fourteenth Amendment).
27 See Seminole Tribe, 527 U.S. at 1123.
28 See College Savings Bank, 119 S. Ct. at 2223; see generally Note, Reconceptualizing the Role of Constructive Waiver After Seminole, 112 Harv. L. Rev. 1759, 1767-775 (1999) (reviewing methods by which states may waive sovereign immunity from suit in federal courts).
legislative scheme. In addition, finding abrogation of sovereign immunity results in an expansion of the Court’s Article III jurisdiction. Respect for undue expansion of its own power dictates that the Court must “rely only on the clearest indications in holding that Congress has enhanced [its] power.”

In *Seminole Tribe*, the Court found that Congress may abrogate sovereign immunity when legislating pursuant to §5 of the Fourteenth Amendment, but held that Article I gave Congress no power to render a state amenable to suit in federal court. *Seminole Tribe* explicitly overruled *Pennsylvania v. Union Gas Co*, which held that the Commerce Clause granted Congress the power to abrogate state sovereign immunity. The *Union Gas* plurality based its holding on the idea that in ratifying the Constitution the States necessarily ceded that portion of their sovereignty necessary to the regulation of interstate commerce. *Seminole Tribe* repudiated that theory, finding that while States may have ceded such sovereignty originally, the Eleventh Amendment restored their sovereign immunity. Only Amendments ratified after the Eleventh Amendment could be seen as contemplating abrogation of the sovereign immunity embodied in the Eleventh Amendment.

In dissent in *Seminole Tribe*, Justice Stevens argued that the Court’s decision would withhold a federal forum for a broad range of cases “from those sounding in copyright and

30 See id. at 242-43.
31 See id. at 243.
32 Id.
33 See *Seminole Tribe*, 517 U.S. at 71 n.15 (noting that “under the Fourteenth Amendment … Congress’ authority to abrogate is undiputed.”).
34 See id. at 66.
36 U.S. CONST. art I, § 8, cl. 3.
37 See *Union Gas*, 491 U.S. at 23.
38 See id. at 16-17.
39 See *Seminole Tribe*, 517 U.S. at 65-66.
40 See id.
patent law, to those concerning bankruptcy, environmental law, and the regulation of our vast national economy.”41 Subsequent case law has proven Justice Stevens prophetic.42

After Seminole Tribe, congressional attempts to abrogate Eleventh Amendment immunity can only be upheld under the doctrine of Fitzpatrick v. Bitzer43 as exercises of Congress’ power to enforce the Fourteenth Amendment.44 Section 5 of the Fourteenth Amendment gives Congress the power to “enforce, by appropriate legislation, the provisions of this article.”45 The Court’s Fourteenth Amendment jurisprudence defines “appropriate legislation” as remedial legislation that “deters or remedies constitutional violations….46 Section 5 gives Congress the power to remedy violations, but Congress may not legislate what constitutes a violation.47 To ensure Congress does not overstep its § 5 powers, “it must identify conduct transgressing the Fourteenth Amendment’s substantive provisions, and must tailor its legislative scheme to remedying or preventing such conduct.”48 The legislation must be tailored so that there is “a congruence and proportionality between the injury to be prevented or remedied and the means adopted to that end.”49 DESCRIBE BITZER AS AN EXAMPLE, also to set up what Florida Prepaid does to this doctrine.

III. Obtaining Jurisdiction Through Waiver of Sovereign Immunity.

41 Id. at 77 (Stevens, J., dissenting).
44 See Meltzer, supra note 10, at 21.
45 U.S. CONST. amend. XIV, §5.
47 See id. at 519.
48 Florida Prepaid, 119 S. Ct at 2207.
In addition to abrogation under the Fourteenth Amendment, federal courts can gain jurisdiction over a state if the state waives its Eleventh Amendment immunity.\textsuperscript{50} A state may waive its sovereign immunity explicitly by enacting a statute or a constitutional provision that states explicitly its unequivocal intent to abrogate its Eleventh Amendment immunity to suit in federal court.\textsuperscript{51} Additionally, States can waive sovereign immunity by participation in a federal program conditioned upon waiver.\textsuperscript{52} In addition to express waiver, a state may waive its immunity by affirmatively invoking the federal court’s jurisdiction.\textsuperscript{53}

Prior to \textit{College Savings Bank}, federal courts could imply a constructive waiver of sovereign immunity by finding that a state engaged in an activity which subjected it to suit under federal law.\textsuperscript{54} In \textit{Parden v. Terminal Railway}, \textsuperscript{55}the Court held that Alabama constructively waived its immunity by operating a railroad that it knew would be subject to federal regulation under the Federal Employer’s Liability Act \textsuperscript{56} (FELA).\textsuperscript{57} Examining FELA, the Court found that it would be anomalous for Congress to allow state-run railroads to run free of the “alleembracing” FELA legislation, because to do so would leave a single class of railway workers—those employed on state-run railroads--unprotected by FELA.\textsuperscript{58} The Court refused to find that “Congress intended so pointless and frustrating a result.”\textsuperscript{59} The \textit{Parden} court rejected Alabama’s claim that Congress could not subject states to suit under FELA in light of the Eleventh

\textsuperscript{49} \textit{City of Boerne}, 521 U.S. at 520.
\textsuperscript{50} See \textit{Atascadero}, 473 U.S. at 238.
\textsuperscript{51} See \textit{id}. at 238 n. 1.
\textsuperscript{52} See \textit{id}. An unequivocal statement of intent to abrogate is required for waiver in this situation as well.
\textsuperscript{53} See \textit{Clark v. Barnard}, 108 U.S. 436, 47-48 (1883) (immunity waived by filing claim in federal court); \textit{Reconceptualizing The Role of Constructive Waiver, supra} note 15 at 1770-72.
\textsuperscript{54} \textit{College Savings Bank} expressly overruled \textit{Parden}, holding that a State could not impliedly waive its sovereign immunity. \textit{See College Savings Bank}, 119 S. Ct. at 2228.
\textsuperscript{55} 377 U.S. 184 (1964) (overruled by \textit{College Savings Bank}, 119 S. Ct. at 2228).
\textsuperscript{57} See \textit{Parden}, 377 U.S. at 196.
Amendment, finding that “the States surrendered a portion of their sovereignty when they granted Congress the power to regulate commerce.”

The Court’s holding in *Parden* rested not on a finding of abrogation, but rather on a finding of waiver. The Court held that Congress had conditioned participation in interstate railroad activity on amenability to FELA suits. Therefore, by running a railroad regulated by FELA, Alabama must have intended to waive its immunity to suit. Later cases clarified that Congress could only effect a *Parden* waiver by expressly stating an intent to condition participation in a regulated activity on waiver of Eleventh Amendment immunity.

Some viewed the Court’s decision in *Seminole Tribe* as overruling the *Parden* doctrine by implication. Under *Seminole Tribe*, Congress may not abrogate sovereign immunity when acting under its Article I powers. Thus, an attempt to enact a waiver pursuant to Article I powers must be void under *Seminole Tribe*. However, until the Court’s decision in *College Savings Bank*, the *Parden* doctrine remained the law.

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58 Id. at 189-90.
59 Id. at 190.
60 Id. at 191.
61 See id. at 192.
62 See id.
63 See Employees v. Department of Public Health and Welfare, 411 U.S. 279 (1973); see also Welch v. Texas Dep’t of Highways and Pub. Transp., 483 U.S. 468, 478 (1987) (overruling *Parden* to the extent that it “is inconsistent with the requirement that an abrogation of Eleventh Amendment immunity be expressed in unmistakably clear language....”)
65 See *Seminole Tribe*, 517 U.S. at 66.
66 See *College Savings Bank*, 948 F. Supp. at 419.
67 See *College Savings Bank*, 119 S. Ct. at 2228 (overruling *Parden*); see also *Reconceptualizing the Role of Constructive Waiver, supra* note 15, at 1769 (arguing that the *Parden* doctrine remained viable following *Seminole Tribe*).
II. THE CASES: COLLEGE SAVINGS BANK V. FLORIDA PREPAID AND FLORIDA PREPAID V. COLLEGE SAVINGS BANK

(1) Facts and Procedural History

College Savings Bank (CSB) develops and sells CollegeSure CDs. CSB designed and patented an administration program for their CDs that ensures a return adequate to pay future college expenses despite those expenses being unknown at the time of purchase. Florida Prepaid Postsecondary Expense Board (Florida Prepaid), an arm of the State of Florida, also administers a program designed to provide Florida residents with adequate funds to pay uncertain future college expenses.


Following the Supreme Court’s decision in Seminole Tribe, Florida Prepaid moved to dismiss both CSB’s actions as barred by sovereign immunity under the Eleventh Amendment. The district court rejected CSB’s argument that Florida Prepaid waived its

69 See id.
70 See id. at 401-2.
71 See id. at 402.
72 See id.
73 Seminole Tribe of Fla. V. Florida, 517 U.S. 44 (1996) held that Congress could not abrogate state sovereign immunity pursuant to its Article I powers.
74 See College Savings Bank, 948 F. Supp. at 406.
immunity under the *Parden* doctrine,\(^{75}\) holding that provision of educational funds is a core government function to which the constructive waiver doctrine does not apply.\(^{76}\)

Examining CSB’s patent act claim, the district court held that the Patent and Plant Variety Protection Remedy Clarification Act (Patent Remedy Act)\(^{77}\) validly abrogated Florida’s sovereign immunity.\(^{78}\) The district court agreed with Florida Prepaid that after *Seminole Tribe* Congress could not exercise its Article I powers to abrogate Florida’s Eleventh Amendment immunity.\(^{79}\) However, because the Patent Remedy Act protects patent owners from deprivation of their property rights without due process of law, the court found it to be a valid exercise of Congress’ enforcement powers under §5 of the Fourteenth Amendment.

Turning to CSB’s Lanham Act claim, the district court noted that CSB claimed a violation of the false advertising prong of the Act.\(^{80}\) The court held that a right to be free from false advertising does not constitute property within the meaning of the Fourteenth Amendment.\(^{81}\) Thus, the Trademark Remedy Clarification Act of 1992 (TRCA),\(^{82}\) did not validly abrogate Florida’s Eleventh Amendment immunity.\(^{83}\)

Florida Prepaid appealed the district court’s denial of its motion to dismiss the Patent Act claim, and CSB appealed the dismissal of its Lanham Act claim. The Federal Circuit heard

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\(^{75}\) *Parden v. Terminal Ry. Of Ala. State Docs Dep’t*, 377 U.S. 184 (1964) (holding that Alabama constructively waived its immunity by operating a railroad which could be regulated under the Federal Employers’ Liability Act).

\(^{76}\) *See id.* at 418. Alternatively, the district court held that *Seminole Tribe* implicitly overruled *Parden*. *See id.* at 419.

\(^{77}\) 35 U.S.C. §296(a).


\(^{79}\) *See id.* at 421.

\(^{80}\) *See id.* at 426.

\(^{81}\) *See id.* at 426-37.


\(^{83}\) *See College Savings Bank*, 948 F. Supp. at 426.
Florida Prepaid’s Patent Act appeal, and the Third Circuit reviewed CSB’s Lantham Act appeal. Both courts of appeals agreed with the district court that after *Seminole Tribe* Congress can abrogate states’ sovereign immunity only when it legislates pursuant to its enforcement power under the Fourteenth Amendment.

The Federal Circuit affirmed the denial of Florida Prepaid’s motion to dismiss, finding the Patent Remedy Act a valid exercise of Congress’ Fourteenth Amendment powers. The court held that the Patent Remedy Act clearly manifested Congress’ intent to abrogate the Eleventh Amendment. Additionally, the court found that preventing states from infringing patents without compensating the owner protected the patentee’s property rights from deprivation without due process of law. Thus, the Patent Remedy Act constituted a permissible Congressional objective under the Fourteenth Amendment. Finally, the court held that the Patent Remedy Act was “appropriate” legislation within the meaning of the Fourteenth Amendment, because it places only a slight burden on states relative to the grave harm to patentees who would otherwise be unable to enforce their patent rights against infringing states.

The Third Circuit affirmed the dismissal of the Lantham Act claim, agreeing with the district court that Florida Prepaid performed a core government function and thus could not constructively waive its sovereign immunity under *Parden*. The court of appeals also agreed with the district court that the right to be free from false advertising does not

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84 See *College Savings Bank*, 148 F.3d at 1346.
86 See *College Savings Bank*, 148 F. 3d at 1347.
87 See id. at 1352.
88 See id.
89 See id. at 1355.
90 See *College Savings Bank*, 131 F.3d at 364. Unlike the district court, the court of appeals declined to speculate whether *Seminole Tribe* implicitly overruled *Parden*. See id. at 365.
constitute a property right protected by the Fourteenth Amendment. Therefore, the TRCA did not constitute a valid exercise of Congress’ Fourteenth Amendment powers, and Congress could not validly abrogate Florida’s immunity from suit for false advertising under the Lanham Act.

(2) The Supreme Court’s Decisions


Reversing the Federal Circuit, the Supreme Court holds that Florida Prepaid cannot be sued in federal court for patent infringement. The Court notes that the Patent Remedy Act cannot be enacted under the Intellectual Property Clause, because Article I powers cannot be used to abrogate state sovereign immunity after Seminole Tribe. Rejecting arguments that the Patent Remedy Act was necessary to ensure the uniformity of the patent system, the Court noted that while uniformity of patent rights was a proper Article I concern, Article I does not give Congress the power to abrogate sovereign immunity.

The Court also rapidly disposes of CSB's claim that by engaging in regulated activity, Florida Prepaid waived its immunity under Parden, noting that its companion decision in College Savings Bank squarely overrules Parden and eliminates the concept of constructive waiver from its Eleventh Amendment jurisprudence. The Court then turns to whether the Patent Remedy Act can be sustained under the Fourteenth Amendment.

The Patent Remedy Act’s abrogation of state’s sovereign immunity can be sustained only if it constitutes a valid exercise of Congress’ power to enforce the Fourteenth Amendment.

Section 5 of the Fourteenth Amendment mandates that legislation enacted pursuant to its

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91 See id. at 361.
92 See id.
94 See id. at 2211.
enforcement powers be “appropriate.” The Court explained that to enact appropriate legislation, Congress “must identify conduct transgressing the Fourteenth Amendment’s substantive provisions, and must tailor its legislative scheme to remedying or preventing such conduct.”

Applying this standard to the Patent Remedy Act, the Court finds that it cannot be upheld as appropriate legislation under the Fourteenth Amendment. The Court conceded that patents could be considered property, the deprivation of which without due process may constitute a violation of the Fourteenth Amendment. However, the Court holds that Congress failed to identify a pattern of state patent infringement sufficiently egregious to justify the Patent Remedy Act as remedial legislation.

In enacting the Act, Congress identified only a few cases of state infringement, relying particularly on *Chew v. California*. The Court also notes that deprivation of property only violates the Fourteenth Amendment if the State takes the property without due process of law. Congress neglected to examine the adequacy of available state law remedies, such as actions in tort or for restitution, that would provide the necessary due process. Given the paucity of its findings, the Court concludes that Congress could not have intended the Act to remedy past constitutional violations. Like the Religious Restoration Act struck down in *Fitzpatrick*, the Patent Remedy Act therefore constitutes an unconstitutional attempt to create substantive new rights.

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95 See id. at 2205.
96 Id. at 2207.
97 See id. at 2210.
98 See id. at 2207-8.
99 See id.
Because Congress failed to sufficiently identify a pattern of state abuse, the Court found the Patent Remedy Act’s provisions too out of proportion to the threatened harm of infringement. Therefore, the Act was not a valid exercise of Congress’ Fourth Amendment powers, and did not effectively abrogate Florida Prepaid’s sovereign immunity.

2. Lantham Act Claim

The Supreme Court notes that the Eleventh Amendment bars CSB’s suit unless (1) the TRCA validly abrogated Florida’s sovereign immunity under the Fourteenth Amendment; or (2) Florida Prepaid waived immunity. Addressing the abrogation issue, the Court reaffirms its holding in Seminole Tribe that Congress can abrogate the Eleventh Amendment only when it acts to enforce the Fourteenth Amendment. To be a valid exercise of Fourteenth Amendment power, the TRCA must remedy state deprivations of property without due process of law. The Court rejects CSB’s argument that the right to be free from false advertising and the right to be secure in one’s own business interests constitute property rights which Congress can protect from unconstitutional state deprivation under the Fourteenth Amendment. Crucial to the Court’s reasoning is the fact that the proposed property rights do not give CSB a right to exclude others, a right the Court considers “the hallmark of a protected property interest.” Finding no protectable property interest, the Court holds that the Fourteenth Amendment gives Congress no power to enact the TRCA.

100 See id. at 2210.
101 See id. at 2210-11.
103 See id. at 2224.
104 See id.
105 Id.
The Court also rejects CSB’s argument that Florida Prepaid waived its immunity under the *Parden* doctrine by engaging in activity regulated by the Lantham Act. Reviewing the doctrine of constructive waiver first espoused in *Parden*, the Court notes that subsequent case law had severely limited *Parden’s* holding. The Court finds that the *Parden* doctrine cannot be reconciled with other cases holding that a state’s waiver must be unequivocal. Finding that “the constructive-waiver experiment of Parden was ill conceived,” the Court holds that “[w]hatever may remain of … Parden is expressly overruled.” Waiver of sovereign immunity requires an express statement by the State. Because Florida Prepaid made no such statement, it could claim sovereign immunity from CSB’s Lantham Act suit.

III. ANALYSIS

A. *Florida Prepaid* Endangers the Integrity of Federal Intellectual Property Law

In *Florida Prepaid*, the Court holds that owners of patents cannot enforce their property rights against states in federal court. Because the federal law vests exclusive jurisdiction in the federal courts to remedy violations of federal patent law, the Court's holding thus deprives patentees of federal protection. However, the Court notes that Congress failed to examine the availability of state law remedies for patent infringement, effectively throwing patentees back upon state law to enforce their rights. In so doing, the Court effectively undermines one of the principle goals of the intellectual property system: national uniformity.

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106 See *id.* at 2226-28.
107 See *id.* at 2228.
108 *Id.*
109 See *id.* at 2229.
110 See *id.* at 2233.
111 See *Florida Prepaid*, 119 S.Ct. at 2202.
112 See 28 U.S.C. § 1338(a) (providing in relevant part that "[t]he district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents…. Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases.").
Article I of the constitution grants Congress authority over patents and copyrights. Before ratification of the Constitution, individual states issued patents to inventors. The availability of multiple fora for obtaining patents led to conflicting rights under patents issued by different states. Such conflicts prompted the adoption of the Patent and Copyright Clauses, which allowed Congress to create a national system of regulating patent rights.

To further the goal of national uniformity, Congress has repeatedly exercised its authority to constrict which courts may hear patent cases. Congress long ago acted to prevent state courts from hearing claims arising under the Patent Act. Reacting in part to divisiveness among the Circuit Courts of Appeals on patent issues and the resulting widespread forum shopping, Congress in 1982 vested exclusive jurisdiction over patent appeals in the Court of Appeals for the Federal Circuit. In addition, the Court has often acted to strike down state laws that impermissibly intrude into the federally-preempted realm of patent law, thus preventing state courts from interfering with the uniformity of the federal regulatory scheme.

By throwing open the door to state-law enforcement of patent rights, the Florida Prepaid Court creates a substantial new threat to the uniformity of the federal patent system. Instead of

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113 In so holding, the Court may give a green light to state deprivation of Constitutionally protected property rights without affording due process of law, thus allowing state violation of the fourteenth amendment. See discussion infra at….
114 See Florida Prepaid, 119 S.Ct. at 2209.
115 See U.S. CONST., art. I, § 8, cl. 8 (providing…).
117 See id.
118 See id. at 125-26.
119 See 28 U.S.C. 1338(a); see also Florida Prepaid, 119 S. Ct. at 2211 n. 1 (Stevens, J., dissenting) (noting dispute over whether jurisdiction became exclusive in the federal courts in 1800 or 1836).
120 See Federal Courts Improvement Act; see also Florida Prepaid, 119 S. Ct. at 2212-13 & n. 3 (Stevens, J., dissenting).
121 See Sears, Roebuck & Co. v. Stieffel Co., 376 U.S. 225 (1964) (holding that state unfair competition law cannot protect against copying an invention which was unprotectable under federal patent law); Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141 (1989) (holding that Florida law protecting unprotected boat-hull designs impermissibly entered an area of regulation reserved to Congress and noting that "the patent statute's careful balance between public right and private monopoly to promote certain creative activity is 'a scheme of federal regulation … so pervasive as to make reasonable the inference that Congress left no room for the States to supplement it.'" (quoting Rice v. Sante Fe Elevator Corp., 331 U.S. 218, 230 (1947)).
litigating in a federal court, subject to review by the Federal Circuit and the Supreme Court, patentees will be forced to takings claims or to uncertain state law remedies such as misappropriation and unfair competition. States will likely differ in their approaches to tort and unfair competition law, and thus the protection afforded a patentee under such laws will vary from state to state. Thus, the evils of forum shopping that led to the creation of the Federal Circuit may well resurface as a result of the Court's decision. To the extent that such laws may be used by patentees to supplant the federal patent law, they will alter "the patent statute's careful balance between public right and private monopoly to promote certain creative activity." Indeed, such laws may create the patchwork of conflicting state remedies which initially motivated the Founders to draft the Patent Clause. By dismissing such considerations as just "a factor which belongs to the Article I patent-power calculus" and noting "that Article [I] does not give Congress the power to enact [the Patent Remedy Act] after Seminole Tribe," the Court leaves Congress powerless to enact legislation necessary and proper to fulfil the Constitutionally-mandated goals of the patent system.

B. The Court's Decision Effectively Allows States To Deprive Patentees of Property Without Due Process.

The Court holds that the Patent Remedy Act cannot be sustained as appropriate legislation under the Fourteenth Amendment. The Court admits that patents create property rights which, in theory, can be protected from unconstitutional state deprivation. However, the

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122 See John T. Cross, Intellectual Property and the Eleventh Amendment After Seminole Tribe, 47 DePaul L. Rev. 519, 542-59 (discussing whether state infringement of federal patent and copyright law constitutes a taking).
123 But note that the Court's previous decisions discussed in note 181, supra, prohibit such state law remedies if they intrude into substantive areas of patent law. Because such laws would be used to replace a patent infringement action against a state, they are most likely preempted by federal law as described in Bonito Boats.
124 See Florida Prepaid, 119 S. Ct. at 2212-13 (Stevens, J., dissenting) (noting that "[t]he reasons that motivated the creation of the Federal Circuit would be undermined by any exception that allowed patent infringement claims to be brought in state court.").
Court dodges the question whether Florida Prepaid's infringement constituted such a deprivation of CSB's rights, and instead focuses on whether Congress made adequate factual findings on the frequency of state infringement.

Test becomes not whether congress acted to remedy a state constitutional violation, but rather whether the state often violates person's constitutional rights. Such a test necessarily results in a long lag time before Congress can act to correct such violations, and thus perversely allows a large number of improper state actions. Also, as J Stevens (?) notes, this law is tailored to minimally intrude into state action: it only affects states that infringe. But…maybe not. Talk about the negligent thing. However, in this case CSB alleged intentional infringement. Instead of striking the law down on its face, the Court could have construed it to extend only to intentional or grossly negligent acts of infringement.

2. Overruling Parden’s constructive waiver doctrine

B. A Right in Search of a Remedy: Florida Prepaid and CSB’s Damage to the IP system and injustice towards holders of intellectual property rights.

1. Integrity of federal IP system

   a. need for uniformity (evidenced by preemption, creation of fed cir, etc)

   b. creating a loophole in the law (unaccountable actors)

2. Rights of the holders of IP

   a. Constitutes a violation of procedural due process…a question the court ducks by saying that Congress failed to identify

126 Florida Prepaid, 119 S. Ct. at 2209, 2211.
--states can deprive individuals of protected property (patents, maybe trademarks, copyrights) without a fed’l forum. Since there’s exclusive fed’l jurisdiction, this means there’s no forum for these people when a state infringes. Maybe Congress could authorize concurrent jurisdiction in the state courts, but that would damage the integrity of the system (no review by fed cir (for patents), less expertise) and after Alden v. Maine states cannot be forced to hear these cases in their own courts.

For procedural due process:

(1) need protectable property right See Bohannan article p 16 and fn 265

Also Board of Regents v. Roth fn 274

(patents are…unfair competition maybe not…footnote about that?)

(2) deprivation => negligent acts don't implicate(Daniels v. Williams), but intentional acts do (Hudson v. Palmer (intentional deprivation unauthorized by state)). Here it was intentional (at least allegedly)

b. left to uncertain state-law remedies (tort? Unfair competition…actually, that’s the one area where state law probably serves almost as well)

C. EITHER I’ll talk about the Fourteenth Amendment and what Florida Prepaid did to it OR I’ll discuss why the Court seems compelled to live in the 18th Century by not realizing that states often operate as businesses nowadays, and they should be treated like businesses when they enter the market. Oddly, the same justices who formed the majority in these cases recognize that states that enter the market should be treated like private actors for dormant commerce clause purposes. Here they ignore the comity issue altogether. Scalia has a great line in CSB about how states just aren’t on the same level as private actors: they are above them. Well…I think I
can find some nice stuff from the Federalist papers to contradict this. I’m pretty sure I’ll take the comity tact, but if you think I should talk about the 14th Amendment stuff, I’ll do it. I don’t think I have room to do both.